COVER SHEET

for

SEC FORM 17-A

SEC Registration Number

P	W	2							

COMPANY NAME

A. SORIANO CORPORATION AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
11,067	April 20	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December **31, 2021**

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

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

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

6. (SEC Use Only)
Industry Classification Code:

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

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

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock, ₱1 par value	**2,500,000,000**
Preferred stock, P0.01 par value (not listed)	**500,000,000**
Long-term commercial paper	**none**

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

Yes [X] No [ ]

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

12. Check whether the issuer:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

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

Aggregate market value as of March 18, 2022 - ₱ 14,741,936,079

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

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

NOT APPLICABLE

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) Any annual report to security holders;

Portion of the Company’s 2021 Annual Report to Stockholders is incorporated by reference into Part II of this report.

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

Definitive Information Statement filed pursuant to SRC Rule 20.

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

Not applicable

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. 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 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 2021, the Company's consolidated total assets stood at P23.6 billion. For the year ended 31st December 2021, consolidated revenues of the Company amounted to P11.4 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2021:

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

Company	Ownership	Business	Jurisdiction
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Summerside Corporation	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
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

Investments

Phelps Dodge Philippines Energy Products Corporation (PDP Energy)

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

Phelps Dodge International Philippines, Inc. (PDIPI), the parent company of PDP Energy, was incorporated in 1955 and commenced production in 1957. Its product line is composed principally of copper-based wires and cables including building wires, telecommunication cables, power cables, automotive wires and magnet wires. The Company's 100%-owned by Anscor. PDP Energy has a management contract with Anscor covering marketing, administration and finance. The management contract provides, among others, for payment of annual management fees amounting to ₱7.2 million (VAT inclusive) plus certain percentages of audited income before tax and management and technical assistance fee (VAT exclusive). The strategy of PDP Energy is to focus on the production of higher value-added wire and cable products. All the manufacturing operation of PDIPI effective September 1998, was lodged under PDP Energy.

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

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

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

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

At present, PDP Energy's major supplier of copper rods are Merchandise Trading, Taihan and Furukawa; suppliers of Aluminium are TFO Networks and Phelps Dodge Thailand; supplier of chemicals are Dow Chemicals and Tosoh Polyvin Corp.

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

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

Product Line	2021
Building wires	73%
Power Cables	13%
Autowires	4%
Others	10%

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

Pursuing its customer service, manufacturing process and cost reduction programs, the company secured ISO 9001/14001/18001 certification for Quality, Environment, and Health and Safety for PDEIC from Certification International (UK). PDP Energy also continued promoting new products and solutions, notably special cables for export, medium and high voltage cables up to 230 KV, low smoke halogen-free cables, and aluminum cables. It leveraged its medium voltage (MV) cable manufacturing facility to offer shorter delivery time of MV 35 KV cables to power utilities, and widened sales coverage to new provincial dealers and customers. t also advanced consumer education and safety awareness through the Philippine Electrical Wires Manufacturers Association's campaign against counterfeit wires.

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

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

To prepare for the economy's return to pre-pandemic levels in the second half of 2022 or in early 2023, the company continued to expand its production capacity and infrastructure, increase its investments in promotion and marketing activities, and enable critical management development.

PDP will continue to ensure the safety and wellness of its workforce through the consistent implementation of strict health and safety protocols to minimize if not totally eliminate work disruptions due to the pandemic and accidents.

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

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

SSRLI owns a 40-room resort in Pamalican Island, Cuyo Palawan and operates 18 luxurious villas, mostly each villa comprising four (4) rooms. Seven Seas is a joint venture among Anscor, Palawan Holdings, Limited and Les Folatieres Holdings. As of December 31, 2021, the resort manages a total of 62 villa rooms available for rent under management agreement executed by Pamalican Resort Inc. (PRI) and the villa owners.

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

Products/Services	Markets	Contribution to revenues
Rooms	Local & international	39.1%
Food and Beverage	-do-	29.3%
Others	-do-	31.6%

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

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

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

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

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

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

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

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

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

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

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

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

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

A webpage for local offers was launched, supported by sustained social media advertisements and direct mail campaigns. The Resort has become a favorite venue for weddings.

The company began constructing five new premium beach pool casitas that will expand the Resort’s product offering.

Amanpulo was officially certified for ISO 22000:2018 FMS a globally recognized food safety standard, and is one of just six hotels in the Philippines to achieve this feat.

Amanpulo’s Marine Conservation Program reached its targeted hatchlings for the year, increased coral rejuvenation and saw the area’s fish population rise. The island will continue with its commitment to the sustainability of its surrounding sea and island communities.

Amanpulo received the citation as the “Best Ever Hotel Worldwide” in the January 2021 edition of the Gallivanter’s Guide while Destination Deluxe Magazine awarded Amanpulo third place as the “Private Island of the Year.” World Travel Awards named the Resort “Asia’s Leading Private Island Resort 2021,” the “Philippines’ Leading Luxury Hotel Villa 2021” and the “Philippines’ Leading Private Island Resort 2021.” For the second consecutive year, Amanpulo won as the “Philippines’ Best Resort Spa 2021” in the World Spa Awards.

ATRAM Investment Management Partners Corporation (ATRAM)

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

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

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

ATRAM, in collaboration with its affiliate Seedbox, launched four new funds on GCash through GInvest, the investment platform that gives Filipinos access to fund products for low investment amounts. Through this collaboration, ATRAM’s retail client base increased to over one million active investors at the end of 2021.

The company raised brand awareness and launched digital marketing initiatives by holding the Finspire Summit, one of the largest online investment conferences in the Philippines.

The Asian Investor awarded ATRAM as the “Best Local Fund House in the Philippines” for 2021, its fourth award of this kind in the last seven years. The company was recognized as the “Fastest Growing Fund Management Company” in the 2021 Global Banking and Finance Awards and received the “Most Innovative Mutual Fund Offerings” award from The Global Economics Awards 2021.

ATRAM continued to target its digital transformation. System upgrades and application development began in 2021. These are ready to extend its reach through various contact channels with a wide selection of investment solutions and an enhanced digital experience.

KSA Realty Corporation (KSA)

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

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

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

Despite new office spaces opening up in the Makati Central Business District and the nearby Bonifacio Global City, KSA continues to enjoy positive occupancy and rental rates. TEC strategic location in the Makati Business District and prime building facilities, continued to be an advantage.

However, office leasing in the Philippines shrunk amid the COVID-19 pandemic, the extension of the work-from-home setup in many companies and the uncertainties posed by upcoming elections.

After careful review, some concessions were granted to tenants of The Enterprise Center (TEC) who sustained losses due to their inability to operate at optimal rates.

AGP International Holdings Pte Ltd. (AG&P)

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

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

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

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

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

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

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

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

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

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

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.

On November 19, 2021, the BOD authorized it representative to negotiate for sale of all its AGP-SG shares with the potential buyer.

On February 17, 2022, AI disposed and transferred all of its shares in AGP-SG, for a total consideration of $38.5 million.

Macquarie ASEAN Technology Investments Holdings II LP (Macquarie)

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

In November 2021, Grab was listed on the Nasdaq via a special purpose vehicle. At the end of December 2021, Anscor reported an increase in value of this investment of P129.5 million.

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

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

Y-mAbs has an 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 and a second approval is expected in 2022. After performing extremely well in 2020, Y-mAbs stock price fell dramatically in 2021, along with the wider biotech sector.

Navegar II LP

Anscor has committed US$10.0 million in Navegar II LP, a Philippine-focused private equity fund. Investments are focused on the e-commerce and business process outsourcing (BPO) sectors. As of December 31, 2021, Anscor through AI invested $2.7 million.

Sierra Madre Philippines I LP

The Company has also made an investment in Sierra Madre Philippines I LP, a Philippine based private equity fund, of US$4.5 million out of a US$9.0 million commitment. The Fund has Invested in the logistics, semiconductor services, education and BPO sectors.

Asia Partners I LP and Asia Partners SCI (collectively Asia Partners)

In March 2021, Anscor committed US$6.0 million to Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, Anscor committed to invest US$1.0 million in Asia Partners SCI.

In 2021, the Company made an investment to Asia Partners amounting to US$5.2 million.

Madaket, Inc. (Madaket)

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

Element Data, Inc. (Element Data)

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

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

Prople Limited

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

In 2015, Prople Limited faced multiple challenges related to the 2013 acquisition of Kellogg & Andelson.

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

DirectWithHotels, Inc. (DirectWithHotels)

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

A. Soriano Air Corporation (ASAC)

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

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

As of December 31, 2021, ASAC's operation is purely sublease of the hangar premises.

Pamalican Island Holdings, Inc. (PIHI)

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

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

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

It owns 100% of Island Aviation, Inc.

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

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

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

Anscor Consolidated Corporation (Anscorcon)

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

Anscorcon used to hold the Anscor Group stake in ICTSI which was sold last May 2006. It now owns 1,272,429,761 shares of Anscor as of December 31, 2021.

Anscor Holdings, Inc. (AHI)

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

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

Sutton Place Holdings, Inc. (Sutton)

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

Other Information

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

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

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

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

Employees

The Company and the Group as of December 31, 2021, has 22 and 686 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	10	173	183
Rank and file	12	491	503
TOTAL	**22**	**664**	**686**

- 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.

Item 2. Properties

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

Information regarding properties of major subsidiaries and affiliates are:

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

- Seven Seas owns a 40-room resort in Pamalican Island, called Amanpulo. This covers about 75 hectares of land, with 40 room casitas of about 65 sq. meter each and back of house facilities to service its power and water and staff house requirements. 62 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2021.

- 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

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

Item 3. Legal Proceedings

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

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

b) Some subsidiaries of the Group have claims, commitments, litigations and contingent liabilities that arise in their normal course of their operations which are not reflected in the consolidated financial statements. Management is of the opinion that as at December 31, 2021 and 2020, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

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

For the last five years and as of March 18, 2022, management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

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

There were no items/matters submitted during the fourth quarter of 2021 to a vote of security holders through the solicitation of proxies or otherwise.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

PRINCIPAL MARKET - Philippine Stock Exchange

Latest Market Price – March 18, 2022

Previous Close –	₱ 8.45
High	8.86
Low	8.86
Close	8.86

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

	2021		2020	
Quarter	**High**	**Low**	High	Low
First	**7.80**	**6.00**	6.71	5.70
Second	**7.10**	**6.37**	6.26	5.90
Third	**7.50**	**6.10**	7.95	6.00
Fourth	**8.00**	**6.81**	8.50	6.20

Source: Monthly PSE Report

Shareholdings Information

The total number of stockholders/accounts as of February 28, 2022 is 11,067 holding 2,500,000,000 shares of common stock and 1 stockholder holding 500,000,000 preferred shares.

The top 20 stockholders as of February 28, 2022 based on Stock Transfer Service, Inc. report is broken down as follows:

Stockholder Name	Type	Number of Shares	% of Ownership
1. Anscor Consolidated Corporation	Common	1,272,329,761*	42.411
2. A. Soriano Corporation Retirement Plan	Common Preferred	63,694,835** 500,000,000	2.123 16.667
3. PCD Nominee Corp. (Non-Filipino)	Common	496,475,045	16.549
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	112,738,789	3.758
6. Universal Robina Corporation	Common	64,605,739	2.154
7. Philippines International Life Insurance Co., Inc.	Common	57,921,593	1.931
8. C & E Property Holdings, Inc.	Common	28,011,922	0.934
9. Edmen Property Holdings, Inc.	Common	27,511,925	0.917
10. MCMS Property Holdings, Inc.	Common	26,513,928	0.884
11. Express Holdings, Inc.	Common	23,210,457	0.774
12. EJS Holdings, Inc.	Common	15,518,782	0.517
13. DAO Investment Management Corp.	Common	8,628,406	0.288
14. Philippine Remnants Co., Inc.	Common	7,556,183	0.252
15. Balangingi Shipping Corporation	Common	2,767,187	0.092
16. Leonardo Siguion Reyna	Common	2,625,000	0.088
17. Lennie C. Lee	Common	2,000,000	0.067
18. Jocelyn C. Lee	Common	2,000,000	0.067
19. Jose C. Lee	Common	1,798,000	0.060
20. F. Yap Securities, Inc.	Common	1,361,011	0.045
Total		2,878,814,892	95.91

** Included 122,287,251 shares of Anscor Consolidated Corporation with ATRAM.*
*** Included 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

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

Dividends

In 2021, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**P0.50**	**18-Feb-2021**	**17-Mar-2021**	**14-Apr-2021**
Special	**P0.25**	**17-Nov-2021**	**3-Dec 2021**	**27-Dec-2021**

The cash dividends declared by the Board of Directors in 2020 was:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P0.25	16-Mar-2020	31-Mar-2020	27-Apr-2020
Special	0.50	16-Mar-2020	31-Mar-2020	27-Apr-2020

On February 23, 2022, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	P0.50	23-Feb-2022	11-Mar-2022	05-Apr-2022

There is no restriction on payment of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration. As of December 31, 2021, the Company has sufficient retained earnings available for dividend declaration.

Shares in the undistributed retained earnings of subsidiaries amounting to ₱5.5 billion and ₱5.1 billion as at December 31, 2021 and 2020, respectively, which are included in retained earnings, are not available for declaration as dividends until declared by the subsidiaries.

Recent Sale of Unregistered Securities

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

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

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

	2021	2020	2019	2018	2017
Net Income Attributable to Equity Holders of the Parent	**2,504.1**	165.6	1,843.6	808.4	2,547.5
Equity Attributable to Equity Holders of the Parent	**20,460.6**	18,695.6	19,943.1	18,575.9	18,332.5
Weighted Average Number of Shares Outstanding	**1,227.6**	1,242.0	1,208.0.	1,215.5	1,224.2
Earnings Per Share*	**2.04**	0.13	1.53	0.67	2.08
Book Value Per Share**	**16.67**	15.23	15.95	15.33	15.06

	2021	2020	2019	2018	2017
Revenues and Net Investment Gains	**11,354.1**	6,883.7	10,695.4	9,781.0	10,584.6
Total Assets	**23,625.0**	21,602.3	23,112.4	22,290.0	22,346.2
Investment Portfolio	**13,834.5**	12,251.4	14,289.3	13,253.7	13,339.1

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

Below are the key performance indicators of the Company:

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

	Years Ended December 31		
	2021	2020	2019
REVENUES			
Sale of goods – net	₱ **8,751,667**	₱ 6,448,195	₱ 8,208,375
Services	**1,013,454**	767,570	1,342,390
Dividend income	**399,429**	259,109	373,587
Interest income	**53,534**	82,204	124,478
	10,218,084	7,557,078	10,048,830
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments	**1,124,061**	(76,521)	1,151,784
Gain on sale of FVOCI investments	**532**	1,150	11,860
	1,124,593	**(75,371)**	**1,163,644**
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES	**11,410**	(598,006)	(517,090)
TOTAL	**11,354,087**	6,883,701	10,695,384
INCOME BEFORE INCOME TAX	**2,917,745**	460,045	2,367,750
PROVISION FOR INCOME TAX	**380,152**	291,320	429,373
NET INCOME	**2,537,593**	168,725	1,938,377
OTHER COMPREHENSIVE INCOME (LOSS)	**176,601**	(189,753)	(101,982)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **2,714,194**	(₱ 21,028)	₱ 1,836,395
Net Income Attributable to:			
Equity holders of the Parent	₱ **2,504,080**	₱ 165,647	₱ 1,843,615
Noncontrolling interests	**33,513**	3,078	94,762
	₱ **2,537,593**	₱ 168,725	₱ 1,938,377
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	₱ **2,680,681**	(₱ 24,106)	₱ 1,741,633
Noncontrolling interests	**33,513**	3,078	94,762
	₱ **2,714,194**	(₱ 21,028)	₱ 1,836,395
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **2.04**	₱ 0.13	₱ 1.53
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	₱ **2.18**	(₱ 0.02)	₱ 1.44

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

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

PDP Energy and PDIPI

In Million Pesos

	12/31/2021	12/31/2020	12/31/2019
1. Net sales	**8,752**	6,448	8,208
2. Gross profit	**1,603**	1,366	1,546
3. Net income	**910**	692	804

Seven Seas Group

In Million Pesos

	12/31/2021	12/31/2020	12/31/2019
1. Occupancy rate	**40.0%**	36.9%	54.2%
2. Hotel revenue	**836.1**	646.3	1,140.9
3. Gross operating profit (GOP)	**327.8**	207.3	537.3
4. GOP ratio	**39.2%**	32.1%	47.1%
5. Resort net income	**64.6**	(9.5)	223.6
3. Villa development/lease net income	**13.1**	13.9	12.5
4. Consolidated net income	**77.7**	4.3	236.1

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

Financial Performance Year 2021

Anscor registered a net income of P2.5 billion in 2021, a significant improvement from the P165.6 million net profit posted in 2020.

Despite the challenges, Phelps Dodge Philippines Energy Products Corporation generated a record net profit of P909.9 million, and Seven Seas Resorts and Leisure, Inc. reported a net income of P77.7 million.

The Philippine Stock Exchange Index ended the year on par with last year's level. Nevertheless, Anscor's domestic investment portfolio generated a gain of P1.8 billion, driven by a 62% increase in market value of the International Container Terminal Services, Inc. Overall, Fair Value through Profit and Loss investments gained P1.1 billion for the year, from a loss of P76.5 million for 2021.

Higher dividend income, foreign exchange gains and equity in net earnings were registered during the year. The prospects for Anscor's investments in domestic and foreign private equities remain strong.

Anscor paid a total cash dividend of P0.75 per share in 2021: P0.50 per share on April 14, 2021, and P0.25 per share on December 27, 2021. The Company's book value per share increased from P15.23 to P16.67 as of December 31,2021.

With the easing of pandemic restrictions and strong company profits, the Company expect that the economy will continue to improve in 2022.

Investments – Group Operations

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

The year 2021 started with optimism that the effects of COVID-19 on public health and the economy would be resolved as vaccines arrived. As such, PDP saw a resurgence of orders in the first quarter of 2021 as customers rushed to complete their delayed projects and to begin new ones.

With infection rates increasing again and another lockdown imposed at the start of the third quarter, business slowed, affecting the company's growth trajectory for the year.

Despite the slowdown in the second half, the business-to-business segment continued to be strong. PDP's vision to provide the best solutions to meet the electrical requirements of customers included new innovative products that help clients to reduce costs and a fast response system to meet their needs.

The Company's focus on the communication and energy sector were rewarded with a large increase in orders, offsetting the slowdown in the commercial sector.

PDP's retail side saw a reduced demand. Sales were higher than last year but were below expectations. Many small and medium projects were put on hold due to the sudden surge in copper prices and the rise in construction material costs.

The company faced multiple challenges throughout the year. The worldwide supply disruption delayed delivery of materials to some customers. To solve this, the company increased its purchase of copper and other critical materials and parts. Though higher metal costs increased PDP's working capital requirements, the company's strong balance sheet enabled it to meet its needs.

COVID-19 infections rose in the third quarter, affecting PDP's workforce and challenging the scheduling process and to their credit, they were able to rise to the challenge.

While sales were marginally higher in 2021, and below pre-pandemic levels, higher metal costs and selling prices enabled the company to post profits of P909.9 million.

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

Amanpulo continued to gain momentum in the domestic market through its partnerships, new product offerings, and absolute focus on health and safety of guests, team members, and communities. Occupancy improved from 36.9% to 40.0%. In 2021, revenues reached P836.1 million from P646.3 million, and consolidated net income rose to P77.7 million from a break even in 2020.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM performed strongly in 2021 as its assets under management (AUM) increased to P174.0 billion, a 33% growth from the previous year. The increase in AUM was attributed to positive net fund inflows of P30.0 billion, driven by strong client interest in global fund products. ATRAM Group's revenues jumped by 57% to P727.0 million in 2021 from P63.0 million in 2020.

KSA Realty Corporation (14.28% owned by Anscor)

TEC's average effective rent increased from P1,502 per sq.m. in 2020 to P1,539 per sq.m. in 2021. Despite this, operating income decreased in 2021 as average occupancy during the year fell to 80%, as compared to last year's 95%. Net income stood at P1.3 billion.

KSA declared P1.3 billion in dividends in 2021, of which P185.6 million was paid to Anscor.

Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of December 31, 2021 versus December 31, 2020.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2021 and 2020.

Cash and Cash Equivalents

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

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

Fair Value Through Profit and Loss (FVPL) Investments

The increase in the account can be attributed to the P1.1 billion increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net addition for the period amounted to P458.4 million and unrealized foreign exchange gain related to foreign denominated investments amounted to P72.6 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

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

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 increase in prepaid taxes of the resort.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent
Net decrease in this account amounted to P47.7 million. The decrease can be attributed to net disposal of P47.5 million and the decline in market value of the FVOCI investments of P2.7 million, partially offset by unrealized foreign exchange gain of P2.5 million.

Notes Receivable
The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P11.4 million.

Property, Plant and Equipment - net
Increase amounted to P63.6 million due to additions to property and equipment of P340.1 million that was mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries, reduced by depreciation charged to operations amounting to P276.6 million.

Investment Properties - net
Decrease was mainly due to depreciation amounting to P14.7 million and impairment losses of P24.8 million, partially offset by additions to properties of P3.9 million.

Retirement Plan Assets
Change in the retirement plan asset arises mainly from fair value adjustments of the underlying assets of the retirement plan of the Group.

Deferred Tax Assets
Decrease in the account was mainly due to the deferred tax effect on the reversal of foreign exchange loss of the parent company.

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 increased in deposits to suppliers related to capital expenditure requirements of the resort.

Accounts Payable and Accrued Expenses
The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries as a result of increased volume of their businesses.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2021 due to problematic addresses of some of the Company's stockholders. Last cash dividend payment of P0.25 per share to shareholders was on December 27, 2021.

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 by the payments made in 2021.

Income Tax Payable
Movement in the account was attributable to tax provision of the resort, aviation and wire manufacturing subsidiaries for 2021, partially offset by income taxes paid during the year by the Group. The reduction of the income tax rate from 30% to 25% contributed to the decrease in income tax payable of the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to P151.4 million loan paid by PDP.

Deferred Income Tax Liabilities
Increase in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

Retirement Benefits Payable
Decrease resulted mainly from payment of contribution to the plan.

Other noncurrent liabilities
Slight decrease in the account balance was mainly due to collection of the resort from villa owners for future facilities.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of US$ vis-à-vis Philippine peso, CTA balance increased by P126.9 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, 2021.

Remeasurement on Retirement Benefits
Movement in the account was mainly due to the increase in fair value of the underlying assets under the retirement plan.

Noncontrolling Interest (equity portion)
Increase was mainly due to share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2021.

Others
There were no commitments for major capital expenditures in 2021.

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, 2021 as compared to consolidated results for the year ended December 31, 2020:

Revenues
This year's consolidated gross revenues of P11.4 billion was higher from last year's revenue of P6.9 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses

The Group reported an increase in operating expenses for 2021 due to higher volume of business of the manufacturing and resort subsidiaries, offset by lower operating cost of the parent company.

Interest Expense

Interest expense in 2021 was lower than 2020 due to payment of loan by PDP.

Foreign Exchange Gain (loss)

Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Provision for Income Tax - Net

Movement in the account was mainly due to the higher provision for deferred income tax of the parent company for the increase in market value of its FVPL investments and rise in unrealized foreign exchange gain.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019 (as reported in 2020 SEC 17-A)

Revenues

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

Cost of Goods Sold

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

Services Rendered

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

Operating Expenses

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

Interest Expense

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

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

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

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

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

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

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

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

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

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.

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, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, 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 Group adopted the amendments beginning January 1, 2021.

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, 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.

  The amendments are not expected to have a material impact on the Group.

- 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 per cent’ test for derecognition of financial liabilities*

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

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8*, Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

<u>Other Financial Information</u>

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

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

- There were no commitments for major capital expenditures in 2021 and onwards.

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

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

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

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

Item 7. Financial Statements

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

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

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

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

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

In compliance with SRC Rule 68 paragraph 3(b) (ix) (Rotation of External Auditors), the SGV audit partner, as of December 2021, is Ms. Dhonabee B. Señeres, who is on her third year of audit engagement.

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

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

Audit and Audit Related Fees

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

Year	Audit Fees
2021	**₱1,320,000**
2020	₱1,320,000

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

Tax Consultancy and Other Fees

Tax consultancy and other fees paid by the Company to SGV for the year 2021 amounted to P1,352,000.

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.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

Directors

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

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

Name	Position	Term of Office	Period Served as Director
Andres Soriano III	Chairman and Chief Executive Officer; President and Chief Operating Officer	1 year	39 years
Eduardo J. Soriano	Vice Chairman – Treasurer	1 year	41 years
Ernest K. Cuyegkeng	Director and Chief Financial Officer	1 year	13 years
Johnson Robert G. Go Jr.	Director	1 year	2 year
Oscar J. Hilado	Director	1 year	23 years
Jose C. Ibazeta	Director	1 year	35 years
Alfonso S. Yuchengco III	Director	1 year	3 year

Executive Committee and Management

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

Executive Committee:

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

Audit Committee:

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

Compensation Committee:

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

Nomination Committee:

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

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

Directors

ANDRES SORIANO III, age 70, 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 67, 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 75, 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 (2008 to present) and President (since 2021) of Seven Seas Resorts and Leisure, Inc.; 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 84, 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; Vice 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 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), Republican College (March 2020 to present), Rizal College of Laguna (October 2020 to present) Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Metro Pacific Investments Corporation (May 2021 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 79, 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 62, Filipino, an Independent Director of the Company since 10 April 2019 to present; Director of Mapua Institute of Technology (1999 to present); Chairman of Testech, Inc. (2003 to present); Chairman of Prople, Inc. (2009 to present); Member of the Board of Trustees of Semiconductor and Electronics Industries in the Philippines, Inc. (2011 to present). He is a graduate of BS Asian Studies from De La Salle University (1981).

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

WILLIAM H. OTTIGER, age 54, Swiss, Senior Vice President and Corporate Development Officer (2013 to present); Treasurer of the Company (2018 to present); Director of Anscor International, Inc. (2021 to present); Director of Phelps Dodge International Philippines, Inc. (April 2016 to present); Director of Seven Seas Resorts and Leisure, Inc. (2019 to present); Director of ATRAM Trust Corporation (2019 to present); Director of ATR Asset Management, Inc. (2019 to present); Director of AG&P International Holdings Pte. Ltd. (2014 to2022); Director of Prople Limited (2010 to present). Formerly CEO of Cirrus Medical Staffing, Inc. (USA), an Anscor portfolio investment sold in 2017; UBS Investment Bank, London (UK) and San Miguel Brewing Hong Kong Ltd. Graduate of Washington & Lee University, B.A. European History, (1990); London Business School, MBA, (2001).

LORNA PATAJO-KAPUNAN, age 69, 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 2021); 2021 Corporate Int'l Global Awardee.

LORENZO D. LASCO, age 59, 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).

NARCISA M. VILLAFLOR, age 59, 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 and A. Soriano Air 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).

JOSHUA L. CASTRO, age 47, 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 49, 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 57, Filipino, Assistant Vice President of the Company (April 2017 to present); Executive Secretary to the Chairman (September 1998 to March 2017). Ms. Cruz was formerly the Executive Assistant to the Head of Mission of the Embassy of Peru. She also worked with Shangri-La's Mactan Island Resort, John Clements Consultants, Inc. and the Mandarin Oriental Hotel, Manila. She received a Bachelor of Science degree major in Business Management from De La Salle University in 1984.

Additional Information:

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

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

For the last five years and as of February 28, 2022, Management is not aware of any pending material legal proceeding i.e. bankruptcy petitions, convictions by final judgment, being subject to any order, judgment or decree or violation of a Securities or Commodities Law involving its nominees for directorship, executive officers and incumbent officers and directors.

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

Item 10. Executive Compensation

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

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

Name	Principal Position	Compensation		
		2020 Actual	2021 Actual	2022 (Estimate)
Andres Soriano III *	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng *	Executive Vice President & Chief Financial Officer			
William H. Ottiger **	Senior Vice President, Treasurer & Corporate Development Officer			
Narcisa M. Villaflor **	Vice President & Comptroller			
Lorenzo D. Lasco **	Vice President			
Joshua L. Castro **	Vice President & Assistant Corporate Secretary			
Salome M. Buhion **	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz **	Assistant Vice President			
Executive Directors*				
Salaries		36,700,000	36,940,000	40,046,000
Bonus		35,500,000	-	45,200,000
		72,200,000	**36,940,000**	**85,246,000**
Other Executive Officers**				
Salaries		17,237,950	16,829,244	22,094,675
Bonus		21,900,000	-	33,600,000
Benefits		1,775,523	2,513,949	1,916,916
		40,913,473	**19,343,193**	**57,611,591**
Subtotal Executive Directors and Officers		**113,113,473**	**56,283,193**	**142,857,591**
Non-Executive Directors***				
Consultancy Fee		4,642,857	4,642,857	4,642,857
Bonus		13,571,429	-	19,304,286
Directors Fees		700,000	760,000	620,000
Subtotal Non-Executive Directors		**18,914,286**	**5,402,857**	**24,567,143**
Total		**132,027,759**	**61,686,050**	**167,424,734**

**Executive Directors include members of the Board of Directors who are at the same time Executive Officers.*

***Other Executive Officers include Executive Officers who are not members of the Board of Directors*

**** Non-Executive Directors include members of the Board of Directors who are not at the same time Executive Officers of the Company.*

There are no other arrangements, including consulting contracts, to which any director was compensated, directly or indirectly except for the consultancy agreement between the Company and Mr. Jose C. Ibazeta, involving about ₱4.6 million fees for one year.

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

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

Item 11.	**Security Ownership of Certain Beneficial Owners and Management**

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

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

As of February 28, 2022, 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*	42.411%
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	496,475,045	16.549%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	5.385%
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	112,739,373	3.758%
Common & Preferred	A. Soriano Corp. Retirement Plan (Filipino) 7th Flr. Pacific Star Bldg., Makati City	A. Soriano Corp. Retirement Plan	Filipino	63,694,835** Common 500,000,000 Preferred	2.123% 16.667%
Total – Common shares				**2,106,785,343**	**70.226%**
Total – Preferred shares				**500,000,000**	**16.667%**

** Includes 122,287,251 shares lodged with PCD Nominee Corp. (Filipino).*
***Includes 7,694,835 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.

A. Soriano Corporation Retirement Plan (the Plan) is a retirement benefit program established by the Company for the benefit of its employees. The Plan is administered by Trustees who are at the same time employees of the Company.

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

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

b. Security Ownership of Certain Beneficial Owners and Management

As of February 28, 2022, 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	16.314%
Common	Eduardo J. Soriano	180,415,944	Direct/Indirect	Filipino	6.014%
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**			**22.332%**

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

c. Voting Trust Agreement

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

d. Changes in Control

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

As of February 28, 2022 the foreign ownership level of total outstanding shares is 16.55%.

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

Item 12. Certain Relationships and Related Transactions

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

PART IV – CORPORATE GOVERNANCE

Item 13. Compliance with Leading Practice on Corporate Governance

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

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

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

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

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

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

As of 28 February 2022, there were no deviations from the Company's Manual on Corporate Governance.

PART V - EXHIBITS AND SCHEDULES

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

(a) Exhibits

Exhibit	(1)	Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	NA
Exhibit	(2)	Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Exhibit	(3)	Voting Trust Agreement	NA
Exhibit	(4)	Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders	INFORMATION STATEMENT ANNUAL REPORT & FORM 17-Q
Exhibit	(5)	Letter re: Change in Certified Public Accountant	NA
Exhibit	(6)	Letter re: Change in Accounting Principles	NA
Exhibit	(7)	Report Furnished to Security Holders	ANNUAL REPORT & FORM 17-Q
Exhibit	(8)	Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Exhibit	(9)	Published Report Regarding Matters Submitted to Vote of Security Holders	NA
Exhibit	(10)	Consents of Experts and Independent Counsel	NA
Exhibit	(11)	Power of Attorney	NA
Exhibit	(12)	Additional Exhibits	2021 Sustainability Report

(b) SEC Form 17-C

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on February 24, 2022.

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

SUBSCRIBED AND SWORN to before me this 23rd day of February 2022, affiants exhibited to me the following:

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

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ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-345; Roll No. 20642
Commission expires on 12-31-22
MCLE Compliance No. VI-0008138
PTR No. 8886929; 1-28-22; Makati City
IBP No. 177887; 02-09-22; Pasig City
TIN: 100-364-501

A. SORIANO CORPORATION
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
SEC FORM 17-A

A. SORIANO CORPORATION
INDEX TO EXHIBITS

Instruments Defining the Rights of Security Holders, Including Indentures	BY-LAWS
Annual Report to Security Holders, Form 17-Q or Quarterly Report to Security Holders Report Furnished to Security Holders	ANNUAL REPORT INFORMATION STATEMENT & FORM 17-Q
Subsidiaries of the Registrant	LIST OF SUBSIDIARIES FINANCIAL STATEMENTS OF SIGNIFICANT FOREIGN SUBSIDIARIES
Additional Exhibits	2021 SUSTAINABILITY REPORT

A. SORIANO CORPORATION
SEC FORM 17-C

The following is a summary of submissions of SEC Form 17-C filed during the year 2021:

February 18, 2022	SEC 17-C Declaration of Cash Dividends
February 18, 2022	SEC 17-C Amended - Declaration of Cash Dividends
April 14,2021	SEC 17-C Results of Annual or Special Stockholders' Meeting
April 14, 2021	SEC 17-C Results of Organizational Meeting of Board of Directors
July 6, 2021	SEC 17-C Amended Articles of Incorporation
July 6, 2021	SEC 17-C Attachment to 17-C Articles of Incorporation
August 10,2021	SEC 17-C Approval of Issuance of 500M Preferred Shares
August 10, 2021	SEC 17-C Amended - Reclassification of Shares

A. SORIANO CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of A. Soriano Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANDRES SORIANO III	**ERNEST K. CUYEGKENG**
Chairman, President and Chief Executive Officer	Executive Vice President and Chief Financial Officer

Signed this 24th day of February 2022

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

SUBSCRIBED AND SWORN to before me this 24th day of February 2022, 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

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Series 7 2022

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-345; Roll No. 20642
Commission expires on 12-31-22
MCLE Compliance No. VI-0008138
PTR No. 8886929; 1-28-22; Makati City
IBP No. 177887; 02-09-22; Pasig City
TIN: 100-364-501

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

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of A. Soriano Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2021 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 evaluated the valuation methodology and assumptions used by management in estimating value-in-use. 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, we performed an 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.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱1,827.3 million as at December 31, 2021, 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 9 to the consolidated financial statements.

Audit Response

We evaluated the valuation techniques and inputs and other assumptions used. These assumptions include discount rate, revenue growth rate and comparable companies. In testing the discount rate, we performed independent testing of the determination of discount rate using market-based parameters. For

investment valued using the income approach, we compared the revenue growth rate to the historical performance of the investment and the industry/market outlook. For investment valued under the market approach, we assessed the comparable companies used in the valuation of the investment. For private equity fund investments valued under the cost approach (adjusted net asset value method), we inspected the available financial information of the investees and evaluated whether 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, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Note 8)	**₱2,729,230,396**	₱3,091,959,345
Fair value through profit or loss (FVPL) investments (Note 9)	**11,677,813,985**	10,022,872,169
Receivables (Note 10)	**1,997,228,020**	1,935,992,841
Inventories (Note 11)	**1,625,125,201**	1,052,585,937
Prepayments	**44,807,611**	36,741,212
Other current assets	**19,535,694**	17,109,933
Total Current Assets	**18,093,740,907**	16,157,261,437
Noncurrent Assets		
FVOCI investments - net of current portion (Note 12)	**46,396,340**	94,137,422
Notes receivable (Note 27)	**297,608,131**	307,499,741
Investments and advances (Note 13)	**329,433,282**	318,329,315
Goodwill (Note 7)	**1,302,276,264**	1,302,276,264
Property and equipment (Notes 14 and 19)	**2,544,386,610**	2,480,841,422
Investment properties (Note 15)	**480,124,965**	515,702,509
Retirement plan asset - net (Note 24)	**147,141,624**	91,612,330
Deferred income tax assets - net (Note 25)	**111,523,102**	123,997,500
Right-of-use assets (Note 30)	**13,186,541**	20,721,708
Other noncurrent assets (Notes 16 and 30)	**259,156,564**	189,905,685
Total Noncurrent Assets	**5,531,233,423**	5,445,023,896
TOTAL ASSETS	**₱23,624,974,330**	₱21,602,285,333
LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable (Note 17)	**₱23,166,200**	₱23,166,200
Accounts payable and accrued expenses (Note 18)	**1,110,782,433**	857,820,767
Current portion of lease liabilities (Note 30)	**9,810,744**	4,922,514
Dividends payable (Note 20)	**519,529,172**	366,069,163
Income tax payable	**138,913,467**	206,866,422
Current portion of long-term debt (Note 19)	**75,714,286**	151,428,571
Total Current Liabilities	**1,877,916,302**	1,610,273,637

(Forward)

	December 31	
	2021	2020
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 19)	**₱–**	₱75,714,286
Lease liabilities - net of current portion (Note 30)	**6,789,705**	19,208,263
Deferred income tax liabilities - net (Note 25)	**521,283,828**	468,391,756
Retirement benefits payable - net (Note 24)	**48,147,054**	56,895,050
Other noncurrent liabilities (Notes 16 and 30)	**113,730,977**	111,411,807
Total Noncurrent Liabilities	**689,951,564**	731,621,162
Total Liabilities	**2,567,867,866**	2,341,894,799
Equity Attributable to Equity Holders of the Parent (Note 20)		
Capital stock	**2,505,000,000**	2,500,000,000
Additional paid-in capital	**1,859,383,287**	1,859,383,287
Cumulative translation adjustment	**226,174,184**	99,260,524
Unrealized valuation gains on FVOCI investments (Note 12)	**273,449**	2,521,749
Remeasurement on retirement benefits (Note 24)	**75,656,172**	23,720,413
Retained earnings (Note 20):		
Appropriated	**7,150,000,000**	7,150,000,000
Unappropriated	**11,299,307,145**	9,715,904,450
Cost of shares held by a subsidiary (1,272,429,761 shares in 2021 and 2020) (Note 20)	**(2,655,215,372)**	(2,655,215,372)
	20,460,578,865	18,695,575,051
Noncontrolling Interests (Note 3)	**596,527,599**	564,815,483
Total Equity	**21,057,106,464**	19,260,390,534
TOTAL LIABILITIES AND EQUITY	**₱23,624,974,330**	₱21,602,285,333

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUES			
Sale of goods - net (Note 5)	**₱8,751,666,475**	₱6,448,195,660	₱8,208,374,800
Services (Notes 5 and 30)	**1,013,453,849**	767,569,969	1,342,389,775
Dividend income (Note 9)	**399,429,444**	259,109,001	373,587,490
Interest income (Notes 8, 9, 12 and 23)	**53,534,090**	82,203,823	124,478,035
	10,218,083,858	7,557,078,453	10,048,830,100
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**1,124,061,312**	(76,521,488)	1,151,784,252
Gain on sale of FVOCI investments - net (Note 12)	**532,067**	1,150,196	11,859,942
	1,124,593,379	(75,371,292)	1,163,644,194
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES (Note 13)	**11,409,604**	(598,006,474)	(517,090,062)
TOTAL	**11,354,086,841**	6,883,700,687	10,695,384,232
Cost of goods sold (Note 21)	**(7,071,619,957)**	(5,023,688,235)	(6,590,288,987)
Cost of services rendered (Note 21)	**(347,923,582)**	(268,702,449)	(447,058,842)
Operating expenses (Note 21)	**(1,091,980,471)**	(1,051,650,414)	(1,217,805,627)
Interest expense (Notes 17, 19, 23 and 30)	**(10,259,686)**	(24,411,138)	(48,364,623)
Foreign exchange gain (loss) - net	**139,150,079**	(106,404,104)	(92,967,921)
Other income (charges) - net (Notes 23 and 30)	**(53,708,290)**	51,200,190	68,852,086
INCOME BEFORE INCOME TAX	**2,917,744,934**	460,044,537	2,367,750,318
PROVISION FOR INCOME TAX (Note 25)	**380,152,014**	291,319,541	429,373,654
NET INCOME	**2,537,592,920**	168,724,996	1,938,376,664
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 12)	**(2,705,833)**	(7,732,576)	35,957,388
Income tax effect	**856,583**	2,319,773	(10,787,216)
	(1,849,250)	(5,412,803)	25,170,172

(Forward)

	Years Ended December 31		
	2021	2020	2019
Realized gains on FVOCI investments recognized in the consolidated profit or loss (Note 12)	**(₱532,067)**	(₱1,150,196)	(₱11,859,942)
Income tax effect	**133,017**	345,059	3,557,983
	(399,050)	(805,137)	(8,301,959)
	(2,248,300)	(6,217,940)	16,868,213
Cumulative translation adjustment	**126,913,660**	(173,987,557)	(112,264,694)
	124,665,360	(180,205,497)	(95,396,481)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	**65,259,567**	(13,097,687)	(9,304,530)
Income tax effect	**(13,323,808)**	3,550,622	2,718,980
	51,935,759	(9,547,065)	(6,585,550)
OTHER COMPREHENSIVE INCOME (LOSS)	**176,601,119**	(189,752,562)	(101,982,031)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱2,714,194,039**	(₱21,027,566)	₱1,836,394,633
Net Income Attributable to:			
Equity holders of the Parent	**₱2,504,080,376**	₱165,646,806	₱1,843,615,322
Noncontrolling interests	**33,512,544**	3,078,190	94,761,342
	₱2,537,592,920	₱168,724,996	₱1,938,376,664
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	**₱2,680,681,495**	(₱24,105,756)	₱1,741,633,291
Noncontrolling interests	**33,512,544**	3,078,190	94,761,342
	₱2,714,194,039	(₱21,027,566)	₱1,836,394,633
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	**₱2.04**	₱0.13	₱1.53
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 26)	**₱2.18**	(₱0.02)	₱1.44

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Equity Attributable to Equity Holders of the Parent (Note 20)										
						Retained Earnings					
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Total	Noncontrolling Interests	Total
BALANCES AT DECEMBER 31, 2018	**₱2,500,000,000**	**₱1,605,613,566**	**₱385,512,775**	**(₱8,128,524)**	**₱39,853,028**	**₱7,150,000,000**	**₱9,259,613,912**	**(₱2,356,555,826)**	**₱18,575,908,931**	**₱523,526,115**	**₱19,099,435,046**
Net income	–	–	–	–	–	–	1,843,615,322	–	1,843,615,322	94,761,342	1,938,376,664
Other comprehensive income (loss)	–	–	(112,264,694)	16,868,213	(6,585,550)	–	–	–	(101,982,031)	–	(101,982,031)
Total comprehensive income (loss) for the year	–	–	(112,264,694)	16,868,213	(6,585,550)	–	1,843,615,322	–	1,741,633,291	94,761,342	1,836,394,633
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 20)	–	–	–	–	–	–	(615,375,776)	–	(615,375,776)	–	(615,375,776)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	–	(118,975,079)	(118,975,079)	–	(118,975,079)
Sale of Company shares held by a subsidiary (Note 20)	–	253,769,721	–	–	–	–	–	106,158,723	359,928,444	–	359,928,444
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(56,549,623)	(56,549,623)
BALANCES AT DECEMBER 31, 2019	**2,500,000,000**	**1,859,383,287**	**273,248,081**	**8,739,689**	**33,267,478**	**7,150,000,000**	**10,487,853,458**	**(2,369,372,182)**	**19,943,119,811**	**561,737,834**	**20,504,857,645**
Net income	–	–	–	–	–	–	165,646,806	–	165,646,806	3,078,190	168,724,996
Other comprehensive income (loss)	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	–	–	(173,987,557)	(6,217,940)	(9,547,065)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	–	–	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 20)	–	–	–	–	–	–	–	(285,843,190)	(285,843,190)	–	(285,843,190)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	**2,500,000,000**	**1,859,383,287**	**99,260,524**	**2,521,749**	**23,720,413**	**7,150,000,000**	**9,715,904,450**	**(2,655,215,372)**	**18,695,575,051**	**564,815,483**	**19,260,390,534**
Net income	–	–	–	–	–	–	2,504,080,376	–	2,504,080,376	33,512,544	2,537,592,920
Other comprehensive income (loss)	–	–	126,913,660	(2,248,300)	51,935,759	–	–	–	176,601,119	–	176,601,119
Total comprehensive income (loss) for the year	–	–	126,913,660	(2,248,300)	51,935,759	–	2,504,080,376	–	2,680,681,495	33,512,544	2,714,194,039
Issuance of preferred shares	5,000,000	–	–	–	–	–	–	–	5,000,000	–	5,000,000
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	–	–	–	–	(920,677,681)	–	(920,677,681)	–	(920,677,681)
Movement in noncontrolling interests	–	–	–	–	–	–	–	–	–	(1,800,428)	(1,800,428)
BALANCES AT DECEMBER 31, 2021	**₱2,505,000,000**	**₱1,859,383,287**	**₱226,174,184**	**₱273,449**	**₱75,656,172**	**₱7,150,000,000**	**₱11,299,307,145**	**(₱2,655,215,372)**	**₱20,460,578,865**	**₱596,527,599**	**₱21,057,106,464**

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱2,917,744,934**	₱460,044,537	₱2,367,750,318
Adjustments for:			
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	**(11,409,604)**	598,006,474	517,090,062
Depreciation and amortization (Notes 14, 15, 21 and 30)	**302,595,454**	292,174,080	272,179,839
Dividend income (Note 9)	**(399,429,444)**	(259,109,001)	(373,587,490)
Interest income (Notes 8, 9, 12 and 23)	**(53,534,090)**	(82,203,823)	(124,478,035)
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	**(1,124,061,312)**	76,521,488	(1,151,784,252)
Impairment losses, net of recoveries (Notes 11, 13, 15 and 23)	**54,543,952**	64,920,658	41,752,086
Unrealized foreign exchange losses (gains) - net	**(98,948,706)**	60,354,216	48,116,020
Interest expense (Notes 17, 19, 23 and 30)	**10,259,686**	24,411,138	48,364,623
Retirement benefit costs (Notes 21, 22 and 24)	**23,169,533**	18,123,185	13,203,358
Gain on rent concession (Notes 23 and 30)	**–**	(3,917,535)	–
Loss (gain) on sale/disposal of:			
FVOCI investments (Note 12)	**(532,067)**	(1,150,196)	(11,859,942)
Property and equipment	**(129,464)**	–	–
Operating income before working capital changes	**1,620,268,872**	1,248,175,221	1,646,746,587
Decrease (increase) in:			
FVPL investments	**(431,799,766)**	896,473,599	(532,026,162)
Receivables	**(99,723,528)**	133,664,944	97,878,040
Inventories	**(572,539,264)**	(148,158,417)	126,033,309
Prepayments and other current assets	**(10,492,160)**	8,085,481	(17,781,010)
Increase (decrease) in accounts payable and accrued expenses	**(40,807,883)**	(141,197,704)	128,423,365
Cash generated from operations	**464,906,271**	1,997,043,123	1,449,274,129
Income taxes paid	**(382,738,499)**	(324,280,247)	(320,136,171)
Dividends received	**404,680,797**	237,686,696	373,587,490
Interest received	**56,714,726**	77,902,962	133,653,424
Interest paid	**(8,368,724)**	(21,699,183)	(45,077,734)
Retirement benefit contribution (Note 24)	**(22,187,256)**	(13,719,373)	(22,193,191)
Net cash flows from operating activities	**513,007,315**	1,952,933,978	1,569,107,947

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 12)	**₱147,576,210**	₱284,642,953	₱446,651,642
Property and equipment (Note 14)	**129,464**	–	2,005,966
Additions to:			
FVOCI investments (Note 12)	**(78,986,314)**	(60,860,417)	(215,974,577)
Property and equipment (Notes 14 and 33)	**(144,240,885)**	(186,285,160)	(258,131,927)
Investment properties (Note 15)	**(3,914,394)**	–	(293,595,000)
Collection from (advances to) affiliates (Notes 13 and 27)	**57,197,246**	91,061,736	(431,448,061)
Decrease (increase) in other noncurrent assets	**(71,364,670)**	40,824,382	(4,502,626)
Net cash flows from (used in) investing activities	**(93,603,343)**	169,383,494	(754,994,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes payable (Notes 17, 31 and 33)	**–**	28,166,200	–
Sale of company shares held by a subsidiary (Note 20)	**–**	–	359,928,444
Availment of long-term debt (Note 31)	**–**	–	5,124,000
Payments of (Note 31):			
Dividends (Note 20)	**(725,217,672)**	(813,500,482)	(617,229,791)
Long-term debt (Note 19)	**(151,428,571)**	(275,719,246)	(635,732,071)
Lease liabilities (Note 30)	**(9,421,290)**	(12,038,287)	(12,309,568)
Notes payable (Note 17)	**–**	(5,000,000)	(250,000,000)
Advances from affiliates (Note 13)	**99,760,513**	30,705,903	–
Company shares purchased by a subsidiary (Note 20)	**–**	(285,843,190)	(118,975,079)
Net cash flows used in financing activities	**(786,307,020)**	(1,333,229,102)	(1,269,194,065)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(366,903,048)**	789,088,370	(455,080,701)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**4,174,099**	(6,007,280)	(1,556,110)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,091,959,345**	2,308,878,255	2,765,515,066
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	**₱2,729,230,396**	₱3,091,959,345	₱2,308,878,255

See accompanying Notes to Consolidated Financial Statements.

A. SORIANO CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issue by the Board of Directors (BOD) on February 23, 2022.

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, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides 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, 2022; 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 is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, 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 Group adopted the amendments beginning January 1, 2021.

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, 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.

  The amendments are not expected to have a material impact on the Group.

- 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 per cent' test for derecognition of financial liabilities*

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

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

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

		Percentage of Ownership		
	Nature of Business	**2021**	2020	2019
A. Soriano Air Corporation (ASAC, Note 30)	Services/Rental	**100**	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	**62**	62	62
Island Aviation, Inc. (IAI, Note 30)	Air Transport	**62**	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	**100**	100	100
Anscor Holdings, Inc. (AHI, Note 30)	Real Estate Holding	**100**	100	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100	100
Lakeroad Corporation	Real Estate Holding	**100**	100	100
Mainroad Corporation	Real Estate Holding	**100**	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100	100
Mountainridge Corporation	Real Estate Holding	**100**	100	100
Rollingview Corporation	Real Estate Holding	**100**	100	100
Timbercrest Corporation	Real Estate Holding	**100**	100	100
Anscor International, Inc. (AI, Note 13)	Investment Holding	**100**	100	100
IQ Healthcare Investments Limited (IQHIL)	Holding	**100**	100	100
IQ Healthcare Professional Connection, LLC (IQHPC) (inactive)	Manpower Services	**93**	93	93
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 30)	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 30)	Wire Manufacturing	**100**	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	**100**	100	100
Summerside Corp. (Summerside)*	Investment Holding	**100**	40	40
Sutton Place Holdings, Inc. (Sutton)	Investment Holding	**100**	100	100
Cirrus Global, Inc. (CGI)	Manpower Services	–	–	93
AFC Agribusiness Corporation (AAC, Note 15)	Real Estate Holding	**81**	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 30)	Villa Project Development	**62**	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 30)	Resort Operations	**62**	62	62

**In September 2021, the Group purchased shares of Summerside representing 60%. Accordingly, Summerside became a wholly-owned subsidiary of the Company as of December 31, 2021. As at December 31, 2020 and 2019, 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):

	2021	2020
Balance Sheets:		
Current assets	**₱866.4**	₱798.2
Noncurrent assets	**1,043.9**	984.9
Current liabilities	**481.1**	430.5
Noncurrent liabilities	**115.8**	120.9
Equity	**1,313.5**	1,231.6
Equity attributable to NCI	**495.2**	464.3

	2021	2020
Statements of Comprehensive Income:		
Revenue	**₱838.5**	₱656.4
Income before tax	**99.3**	14.3
Net income	**77.7**	0.6
Other comprehensive income (loss)	**2.4**	(0.9)
Total comprehensive income (loss)	**80.1**	(0.3)
Total comprehensive income (loss) allocated to NCI during the year	**30.2**	(0.1)

	2021	2020
Statements of Cash Flows:		
Cash flows from operations	**₱262.6**	₱13.0
Cash flows used in investing activities	**(181.8)**	(181.2)
Cash flows from financing activities	**15.9**	76.4

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

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

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

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

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

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

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

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

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

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

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

		Percentage of Ownership		
	Nature of Business	**2021**	2020	2019
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 13)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 13)	Real Estate Holding	**26**	26	26
AGP International Holdings Pte Ltd. (AGP-SG, Note 13)	Investment Holding	**21**	21	–
BehaviorMatrix, LLC (BM, Note 13)	Behavior Analytics Services	**21**	21	21
ATRAM Investment Management Partners Corp. (AIMP, Note 13)	Asset Management	**20**	20	20
AGP Group Holdings Pte Ltd. (AGP-BVI, formerly AGP International Holdings Ltd. [AGPI], Note 13)	Investment Holding	**–**	–	27

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.

Noncurrent Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position. 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 co-ordinated 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 net income (loss) after tax from discontinued operations in the consolidated statements of income.

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, 2021 and 2020, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

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

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

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

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

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

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

As at December 31, 2021 and 2020, 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 ₱11,677.8 million and ₱10,022.9 million, respectively (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2021 and 2020.

(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, 2021 and 2020, the Group's FVOCI investments include investments in bonds (see Note 12).

(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, 2021 and 2020, 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 have been substantially performed.

Project management fees and other income

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

Contract Balances

Trade receivables

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

Contract liabilities

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

Other Revenue/Income

Interest

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

Dividends

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

Rental

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

Costs and Expenses

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

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

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

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

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

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

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

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

Category	Number of Years
Building	5 years
Leasehold improvement	2 years

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

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group

exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

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

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, 2021, 2020 and 2019.

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 29).

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, 2021 and 2020, 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 ownership interest on the entities discussed in Note 3. Management concluded that the Group controls those entities arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Determining the classification of assets held for sale
On November 19, 2021, the BOD authorized the management to proceed with the sale of all its AGP-SG shares, representing 21.4% ownership interest in AGP-SG, after negotiating with the potential buyer. Management believes that all the criteria for recognition of asset held for sale in accordance with

PFRS 5 are met on that date. Accordingly, effective November 2021, the Group classified such investment as asset held for sale. On February 17, 2022, the said investment in associate held for sale was sold (see Note 34).

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, 2021 and 2020 amounted to ₱782.7 million and ₱753.2 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,296.5 million and ₱2,245.4 million as at December 31, 2021 and 2020, respectively (see Notes 10, 13 and 27).

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 29).

Unquoted equity investments amounted to ₱1,827.3 million and ₱1,248.9 million as at December 31, 2021 and 2020, respectively (see Note 9).

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 2021, 2020 and 2019. The carrying value of FVOCI debt investments amounted to ₱46.4 million and ₱94.1 million as at December 31, 2021 and 2020, respectively (see Note 12).

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 ₱103.6 million and ₱84.8 million as at December 31, 2021 and 2020, respectively. The carrying amount of the inventories amounted to ₱1,625.1 million and ₱1,052.6 million as at December 31, 2021 and 2020, respectively (see Note 11).

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, 2021 and 2020, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,657.3 million and ₱2,629.3 million, respectively (see Notes 14 and 15).

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

As discussed in Note 13, in 2019, the Group recognized impairment loss on its investment in AGP-SG amounting to ₱232.3 million (after considering the effect of dilution) and, due to accumulated equity in net losses, the carrying value of the investment has been reduced to nil as at December 31, 2020. As at December 31, 2021, the investment has been classified as noncurrent asset held-for-sale. The carrying amounts of the remaining investments in associates amounted to ₱327.8 million and ₱316.4 million as at December 31, 2021 and 2020, respectively (see Note 13).

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, 2021 and 2020, the carrying value of property and equipment and investment properties amounted to ₱3,024.5 million and ₱2,996.5 million, respectively (see Notes 14 and 15).

There is no impairment loss on property and equipment for each of the three years in the period ended December 31, 2021 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2020 and 2019) (see Note 15).

(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, 2021 and 2020, 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, 2021 and 2020, the Group recognized gross deferred income tax assets amounting to ₱118.8 million and ₱136.3 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 25.

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, 2021 and 2020 amounted to ₱147.1 million and ₱91.6 million, respectively. Net retirement benefits payable as at December 31, 2021 and 2020 amounted to ₱48.1 million and ₱56.9 million, respectively. Further details are provided in Note 24.

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 24.

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 32, 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, 2021			
	Cable and Wire Manufacturing	**Resort Operations and Villa Development**	**Other Operations***	**Total**
Type of revenues:				
Sale of goods	**₱8,751,666,475**	**₱–**	**₱–**	**₱8,751,666,475**
Services	**–**	**836,086,850**	**177,366,999**	**1,013,453,849**
Total revenue from contracts with customers	**₱8,751,666,475**	**₱836,086,850**	**₱177,366,999**	**₱9,765,120,324**
Timing of revenue recognition:				
At a point in time	**₱8,751,666,475**	**₱345,111,557**	**₱177,366,999**	**₱9,274,145,031**
Over time	**–**	**490,975,293**	**–**	**490,975,293**
Total revenue from contracts with customers	**₱8,751,666,475**	**₱836,086,850**	**₱177,366,999**	**₱9,765,120,324**

Other Operations include ASAC and AHI.

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

Other Operations include ASAC and AHI.

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

Other Operations include ASAC and AHI.

Contract liabilities
Contract liabilities amounted to ₱76.1 million and ₱54.3 million as at December 31, 2021 and 2020, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2021, 2020 and 2019, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱54.3 million, ₱52.7 million and ₱41.1 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.

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 2021, 2020 and 2019, 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.

  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, 2021, 2020 and 2019 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	**Resort Operations and Villa Development**	**Cable and Wire Manufacturing**	**Other Operations[1]**	**Total**	**Eliminations**	**Consolidated**
As at and for the year ended December 31, 2021							
Revenues, excluding interest income[2]	**₱1,417,559**	**₱836,087**	**₱8,751,666**	**₱1,168,237**	**₱12,173,549**	**(₱2,009,000)**	**₱10,164,549**
Interest income	**48,849**	**1,942**	**2,657**	**86**	**53,534**	**–**	**53,534**
Investment gains (losses)	**1,984,265**	**–**	**2,100**	**856,009**	**2,842,374**	**(1,717,781)**	**1,124,593**
Interest expense	**(9)**	**(233)**	**(9,027)**	**(1,169)**	**(10,438)**	**178**	**(10,260)**
Income tax expense (benefit from income tax)	**51,886**	**21,533**	**304,230**	**10,498**	**388,147**	**(7,995)**	**380,152**
Equity in net earnings	**–**	**–**	**–**	**11,410**	**11,410**	**–**	**11,410**
Net income	**3,359,704**	**77,733**	**909,950**	**1,789,262**	**6,136,649**	**(3,599,056)**	**2,537,593**
Total assets	**19,252,541**	**1,910,305**	**5,355,905**	**14,653,052**	**41,171,803**	**(17,546,829)**	**23,624,974**
Investments and advances	**7,556,096**	**97,747**	**–**	**2,153,034**	**9,806,877**	**(9,477,444)**	**329,433**
Property and equipment	**7,261**	**703,161**	**680,194**	**152,365**	**1,542,981**	**1,001,406**	**2,544,387**
Total liabilities	**891,199**	**596,838**	**659,955**	**3,186,100**	**5,334,092**	**(2,766,224)**	**2,567,868**
Depreciation and amortization	**18,326**	**111,534**	**112,870**	**53,507**	**296,237**	**6,358**	**302,595**
Cash flows from (used in):							
Operating activities	**832,090**	**262,620**	**109,205**	**(234,382)**	**969,533**	**(456,526)**	**513,007**
Investing activities	**(155,367)**	**(181,838)**	**63**	**930,261**	**593,119**	**(686,722)**	**(93,603)**
Financing activities	**(648,688)**	**15,894**	**(410,850)**	**(665,434)**	**(1,709,078)**	**922,771**	**(786,307)**

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (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, 2020							
Revenues, excluding interest income[2]	₱1,533,497	₱646,324	₱6,448,196	₱1,095,519	₱9,723,536	(₱2,248,661)	₱7,474,875
Interest income	66,254	4,938	10,918	94	82,204	–	82,204
Investment gains (losses)	(730,936)	–	(2,800)	746,378	12,642	(88,013)	(75,371)
Interest expense	2,536	245	16,898	4,977	24,656	(245)	24,411
Income tax expense (benefit from income tax)	(1,694)	13,698	284,623	2,688	299,315	(7,995)	291,320
Equity in net losses and impairment loss	–	–	–	(598,006)	(598,006)	–	(598,006)
Net income	569,610	626	692,026	1,138,401	2,400,663	(2,231,938)	168,725
Total assets	17,394,215	1,783,053	4,866,355	13,323,536	37,367,159	(15,764,874)	21,602,285
Investments and advances	7,623,492	–	–	2,044,491	9,667,983	(9,349,654)	318,329
Property and equipment	7,128	752,878	595,628	97,151	1,452,785	1,028,056	2,480,841
Total liabilities	565,491	551,421	833,657	3,078,431	5,029,000	(2,687,105)	2,341,895
Depreciation and amortization	17,892	108,128	96,110	46,184	268,314	23,860	292,174
Cash flows from (used in):							
Operating activities	1,292,360	13,038	693,227	281,550	2,280,175	(327,241)	1,952,934
Investing activities	(116,222)	(181,208)	(62,843)	615,788	255,515	(86,132)	169,383
Financing activities	(896,645)	76,367	(406,193)	(887,940)	(2,114,411)	781,182	(1,333,229)

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

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

[1] *Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in earnings (losses) of associates and impairment loss.*
[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, 2021 and 2020, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱1,202,945,277
SSRLI (Note 30)	99,330,987
	₱1,302,276,264

b. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investment 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 four or five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2021 and 2020 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 2021 and 2020 are 11.9% and 16.7%, 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 4.5% and 4.7% in 2021 and 2020, respectively, and the difference between the discount rate and growth rate.

Growth rate
PDP Group assumed a growth rate of 5.0% in 2021 and 2020. 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 investment 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, 2021 and 2020 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 2021 and 2020 are 11.1% and 12.8%, 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% in 2021 and 2020, and the difference between the discount rate and growth rate.

Growth rate
Growth rate assumptions for the five-year cash flow projections in 2021 and 2020 are supported by the different initiatives of SSRLI. SSRLI used 9.5% to 20.8% and 10.5% to 47.7% growth rate in revenue for its cash flow projection in 2021 and 2020, 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. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	**₱1,692,599,481**	₱2,000,092,020
Cash equivalents	**1,036,630,915**	1,091,867,325
	₱2,729,230,396	₱3,091,959,345

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates (see Note 23).

9. FVPL Investments

	2021	2020
Quoted equity shares	**₱7,405,486,958**	₱6,481,857,144
Funds and equities	**1,790,855,560**	1,319,051,909
Unquoted equity shares	**1,827,306,698**	1,248,944,824
Proprietary shares	**399,877,073**	363,627,073
Bonds	**246,425,256**	529,582,177
Others	**7,862,440**	79,809,042
	₱11,677,813,985	₱10,022,872,169

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, 2021 and 2020, 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 4.2% to 6.5%, 2.4% to 8.3% and 4.0% to 9.00% in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the Group has equity investments amounting to ₱11,431.4 million and ₱9,493.3 million, respectively.

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, the Company recognized ₱80.1 million gain on fair value adjustment in its investment in KSA which is presented in the consolidated profit or loss (nil in 2021 and 2020).

   As at December 31, 2021 and 2020, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 29).

   The Company earned cash dividends from KSA amounting to ₱185.6 million, ₱121.4 million and ₱189.9 million in 2021, 2020 and 2019, 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.

   In December 2021, Grab became listed and launched its initial public offering. Accordingly, the investment in Macquarie is recognized as part of the "Quoted equity shares" as at December 31, 2021, from "Funds and equities" as at December 31, 2020.

   In 2021, the Company recognized gains in fair value adjustment in its investment in Macquarie amounting to ₱129.5 million (nil in 2020 and 2019).

   As at December 31, 2021 and 2020, the carrying value of the investment in Macquarie, inclusive of foreign exchange adjustment, amounted to ₱384.5 million and ₱240.1 million, respectively.

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 (nil in 2021).

   As at December 31, 2021 and 2020, the Group's total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil.

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, AI recognized losses on fair value adjustment amounting to ₱26.7 million in its investment in Element Data (nil in 2021 and 2020).

Total investment carrying value in Element Data amounted to nil as at December 31, 2021 and 2020.

e. Navegar I LP (Navegar I)

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

In July 2017, AI invested additional US$0.07 million (₱3.6 million).

In October 2018, the partial disposal of Navegar I's investments resulted to the return of capital and gain amounting to US$0.3 million (₱13.4 million) and US$0.8 million (₱43.5 million), respectively.

In 2021, AI recognized a gain on fair market value adjustment in its investment in Navegar I amounting to ₱2.0 million. In 2020 and 2019, AI recognized losses on fair value adjustment amounting to ₱2.4 million and ₱2.2 million, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱25.4 million and ₱21.5 million as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.05 million and US$0.06 million, respectively.

f. Navegar II LP (Navegar II)

In 2019, AI committed to invest US$10.0 million in Navegar II. AI invested US$1.49 million (₱76.08 million), US$1.0 million (₱46.5 million) and US$0.2 million (₱10.1 million) in 2021, 2020 and 2019, respectively.

In 2021 and 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱31.8 million and ₱14.2 million, respectively (nil in 2019).

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱183.6 million and ₱71.3 million as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Navegar II amounted to US$7.3 million and US$8.8 million, respectively.

g. Sierra Madre Philippines I LP (Sierra Madre)

In 2017, AI entered into an equity investment agreement with Sierra Madre, then a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund focuses on providing growth capital to small and mid-sized Philippine companies. AI committed to invest US$9.0 million in Sierra Madre.

In 2021, 2020 and 2019, AI made additional investments to Sierra Madre amounting to US$1.2 million (₱63.5 million), US$1.1 million (₱52.8 million) and US$0.9 million (₱48.0 million), respectively.

In 2021 and 2020, AI recognized gains on fair value adjustment amounting to ₱120.6 million and ₱23.2 million, respectively. In 2019, AI recognized losses on fair value adjustment amounting to ₱31.1 million.

As at December 31, 2021 and 2020, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱326.7 million and ₱134.4 million, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$4.4 million and US$5.7 million, respectively. Sierra Madre has until March 2022 to call for additional investment.

h. Asia Partners I LP and Asia Partners SCI (collectively Asia Partners)

In 2021, AI committed to invest US$6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, AI committed to invest US$1.0 million in Asia Partners SCI.

In 2021, AI made investment to Asia Partners amounting to US$5.2 million (₱263.9 million).

In 2021, AI recognized gains on fair market value adjustment in its investment in Asia Partners amounting to ₱5.9 million.

As at December 31, 2021, total investment in Asia Partners I LP, inclusive of foreign exchange adjustment, amounted to ₱269.9 million.

As at December 31, 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$1.8 million. In February 2022, AI committed to invest US$10.0 million in Asia Partners II LP.

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
	2021	2020	in 2021
Quoted equity shares	**₱3,353.2**	₱2,613.9	**₱739.3**
Unquoted equity shares	**633.7**	491.2	**142.5**
Proprietary shares	**357.9**	321.7	**36.2**
Funds and equities	**91.1**	44.9	**46.2**
Bonds	**(42.5)**	(17.8)	**(24.7)**
Others	**1.0**	3.7	**(2.7)**
Total	**4,394.4**	3,457.6	**936.8**
Add realized gain on sale of FVPL investments			**187.3**
Net gain on increase in market value of FVPL investments			**₱1,124.1**

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2020	2019	in 2020
Quoted equity shares	₱2,613.9	₱3,084.1	(₱470.2)
Unquoted equity shares	491.2	456.6	34.6
Proprietary shares	321.7	325.5	(3.8)
Funds and equities	44.9	(15.7)	60.6
Bonds	(17.8)	(17.3)	(0.5)
Others	3.7	(1.4)	5.1
Total	3,457.6	3,831.8	(374.2)
Add realized gain on sale of FVPL investments			297.7
Net loss on decrease in market value of FVPL investments			(₱76.5)

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2019	2018	in 2019
Quoted equity shares	₱3,084.1	₱2,242.3	₱841.8
Unquoted equity shares	456.6	487.5	(30.9)
Proprietary shares	325.5	282.4	43.1
Bonds	(17.3)	(54.9)	37.6

(Forward)

	Unrealized Valuation Gains (Losses) in Market Value		Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments
	2019	2018	in 2019
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

There were no outstanding forward transactions as at December 31, 2021, 2020 and 2019.

10. Receivables

	2021	2020
Trade	**₱1,935,826,780**	₱1,834,935,681
Tax credits/refunds	**136,034,296**	157,463,279
Receivables from villa owners	**59,905,684**	42,023,200
Interest receivable	**23,560,532**	26,191,265
Dividend receivable	**22,251,559**	21,422,305
Others	**37,531,831**	42,372,968
	2,215,110,682	2,124,408,698
Less allowance for expected credit losses	**217,882,662**	188,415,857
	₱1,997,228,020	₱1,935,992,841

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60-day term.

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 materials used for repairs and maintenance of the villas.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Dividend receivable pertains to uncollected dividend income from investments in equity securities.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2021		
	Trade	**Interest and Others**	**Total**
At January 1	**₱186,825,539**	**₱1,590,318**	**₱188,415,857**
Provision for the year (Note 23)	**29,731,764**	**–**	**29,731,764**
Write-off	**(264,959)**	**–**	**(264,959)**
At December 31	**₱216,292,344**	**₱1,590,318**	**₱217,882,662**

	2020		
	Trade	Interest and Others	Total
At January 1	₱111,659,921	₱2,424,253	₱114,084,174
Provision for the year (Note 23)	75,243,352	–	75,243,352
Recoveries (Note 23)	(77,734)	–	(77,734)
Write-off	–	(833,935)	(833,935)
At December 31	₱186,825,539	₱1,590,318	₱188,415,857

11. **Inventories**

	2021	2020
At cost:		
Materials in transit	**₱377,956,695**	₱136,335,376
Raw materials	**153,323,893**	55,450,436
Aircraft parts in transit	**30,615,926**	40,089,414
Food and beverage	**10,964,889**	13,502,886
Reel inventory	**9,519,683**	8,195,616
	582,381,086	253,573,728
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱34.1 million in 2021 and ₱23.7 million in 2020	**611,042,906**	445,390,570
Work in process - net of allowance for inventory obsolescence of ₱6.2 million in 2021 and ₱11.0 million in 2020	**136,257,388**	115,572,063
Raw materials - net of allowance for inventory obsolescence of ₱12.8 million in 2021 and ₱2.8 million in 2020	**181,605,892**	113,082,152
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.3 million in 2021 and ₱37.2 million in 2020	**83,676,820**	66,223,633

(Forward)

	2021	2020
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2021 and ₱9.5 million in 2020	**₱29,555,553**	₱58,138,235
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2021 and 2020	**605,556**	605,556
	1,042,744,115	799,012,209
	₱1,625,125,201	₱1,052,585,937

Net provision for inventory obsolescence recognized in 2021, 2020 and 2019, which was recorded under "Materials used and changes in inventories", amounted to ₱18.8 million, ₱1.5 million and ₱1.4 million, respectively (see Note 21).

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, 2021 and 2020.

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 construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱6,697.5 million, ₱4,675.9 million and ₱6,207.8 million in 2021, 2020 and 2019, respectively (see Note 21).

12. **FVOCI Investments**

As at December 31, 2021 and 2020, FVOCI investments amounted to ₱46.4 million and ₱94.1 million, respectively, and these were recognized under noncurrent assets.

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 4.13% to 6.13% in 2021, 4.00% to 5.95% in 2020 and 4.00% to 7.38% in 2019. Maturity dates range from October 31, 2026 to June 30, 2028 for bonds held as at December 31, 2021 and May 3, 2022 to July 31, 2024 for bonds held as at December 31, 2020.

b. Geothermal Project

   In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2021 and 2020.

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 23, 2022, the case is still ongoing.

In 2021, 2020 and 2019, gain on sale of FVOCI investments amounted to ₱0.5 million, ₱1.2 million and ₱11.9 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

	2021	2020
Beginning balance	**₱2,521,749**	₱8,739,689
Loss recognized directly in equity - net of tax	**(1,849,250)**	(5,412,803)
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax	**(399,050)**	(805,137)
Ending balance	**₱273,449**	₱2,521,749

13. **Investments and Advances**

	2021	2020
Investments at equity - net of valuation allowance	**₱327,783,660**	₱316,374,056
Advances - net of allowance for expected credit losses of ₱564.8 million in 2021 and 2020	**1,649,622**	1,955,259
	₱329,433,282	₱318,329,315

Investments at equity consist of:

	2021	2020
Acquisition cost		
Common shares	**₱2,549,574,872**	₱2,549,574,872
Preferred shares	**4,348,973**	4,348,973
Total	**2,553,923,845**	2,553,923,845
Accumulated equity in net losses and impairment loss	**(2,420,477,863)**	(2,431,887,467)
Effect of foreign exchange differences	**194,337,678**	194,337,678
	₱327,783,660	₱316,374,056

The significant transactions involving the Group's investments in associates in 2021 and 2020 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. In 2020 and 2019, the Group recognized equity in net losses amounting to ₱601.4 million and ₱294.1 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.

The following are the significant financial information of AGP-SG as at and for the year ended December 31, 2020 (in millions):

Balance Sheet*:	
Current assets	₱6,125.2
Noncurrent assets	13,657.9
Current liabilities	9,391.9
Noncurrent liabilities	8,348.6
Equity	2,042.6
Statement of Comprehensive Income*:	
Revenue	₱4,646.9
Loss before tax	4,859.0
Net loss	4,952.4

**Based on the latest available unaudited financial information.*

As at December 31, 2020, the carrying value of the investment amounted to nil.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all the criteria for recognition of noncurrent asset held-for-sale (NCAHFS) in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group discontinued the use of the equity method for its investment in AGP-SG and classified such investment as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and, as at date of classification as NCAHFS, the carrying value of the investment in AGP-SG remains nil. On February 17, 2022, the said investment in associate held for sale was sold (see Note 34).

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.

AIMP reported net income amounting to ₱67.5 million, ₱23.3 million and ₱48.1 million in 2021, 2020 and 2019, respectively. The Group recognized equity in net earnings amounting to ₱13.5 million, ₱4.4 million and ₱9.8 million in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the carrying value of the investment in AIMP amounted to ₱152.3 million and ₱138.7 million, 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 2021 and 2020, FHI made a cash advance to the Company amounting to ₱76.6 million and ₱27.8 million, respectively. Total outstanding cash advance from FHI amounted to ₱104.3 million and ₱27.8 million as of December 31, 2021 and 2020, respectively, which is presented under "Accounts payable and accrued expenses" (see Note 18).

FHI reported a net loss amounting to ₱8.2 million, ₱5.5 million and ₱2.1 million in 2021, 2020 and 2019, respectively. The Group recognized equity in net losses amounting to ₱2.1 million, ₱1.4 million and ₱0.5 million in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the carrying value of the investment and advances in FHI amounted to ₱175.5 million and ₱177.6 million, respectively.

BM
In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constituted 10% of the total Series A preferred units outstanding. In the first quarter of 2012, all of AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-stage technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the-art mathematics that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million). In March 2016, AI invested an additional US$0.44 million (₱20.5 million) through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and AI invested an additional US$0.81 million (₱39.2 million) for a 20.5% shareholding in BM. The increased ownership allowed AI to exercise significant influence over BM.

In 2016, AI provided impairment loss on its investment in BM amounting to ₱62.2 million.

As at December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

14. Property and Equipment

	2021					
	Land, Buildings and Improvements	**Flight, Ground, Machineries and Other Equipment**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
January 1	**₱2,827,677,520**	**₱1,299,169,781**	**₱562,058,832**	**₱227,167,476**	**₱15,247,681**	**₱4,931,321,290**
Additions	**759,943**	**107,695,404**	**23,829,693**	**14,579,629**	**194,947,264**	**341,811,933**
Reclassification	**28,088,185**	**38,623,419**	**5,104,973**	**5,178,571**	**(76,995,148)**	**–**
Retirement/disposals	**–**	**–**	**–**	**(4,258,213)**	**–**	**(4,258,213)**
December 31	**2,856,525,648**	**1,445,488,604**	**590,993,498**	**242,667,463**	**133,199,797**	**5,268,875,010**
Accumulated Depreciation and Amortization						
January 1	**974,260,193**	**823,535,504**	**470,055,166**	**182,629,005**	**–**	**2,450,479,868**
Depreciation and amortization (Note 21)	**82,803,803**	**132,457,516**	**39,630,241**	**23,375,185**	**–**	**278,266,745**
Retirement/disposals	**–**	**–**	**–**	**(4,258,213)**	**–**	**(4,258,213)**
December 31	**1,057,063,996**	**955,993,020**	**509,685,407**	**201,745,977**	**–**	**2,724,488,400**
Net Book Value	**₱1,799,461,652**	**₱489,495,584**	**₱81,308,091**	**₱40,921,486**	**₱133,199,797**	**₱2,544,386,610**

	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 21)	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

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 ₱278.3 million, ₱267.9 million and ₱256.5 million in 2021, 2020 and 2019, respectively (see Note 21).

15. **Investment Properties**

	2021		
	Land	**Condominium**	**Total**
Cost			
January 1	**₱238,010,571**	**₱293,595,000**	**₱531,605,571**
Additions	**3,914,394**	**–**	**3,914,394**
December 31	**241,924,965**	**293,595,000**	**535,519,965**
Accumulated Depreciation and Amortization			
January 1	**–**	**15,903,062**	**15,903,062**
Depreciation and amortization (Note 21)	**–**	**14,679,750**	**14,679,750**
	–	**30,582,812**	**30,582,812**
Accumulated Impairment Loss			
Provision for impairment loss (Note 23)	**–**	**24,812,188**	**24,812,188**
Net Book Value	**₱241,924,965**	**₱238,200,000**	**₱480,124,965**

	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 21)	–	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

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, 2021 amounted to ₱3.8 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraiser as at October 2019 to January 2020. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

Fair valuation of the condominium units was also performed by professionally qualified, SEC-accredited and independent appraiser. Based on the report of the appraiser rendered for 2021, the fair value of the condominium units is lower by ₱24.8 million. Accordingly, the Company recognized an impairment loss of such amount in 2021 (nil in 2020 and 2019).

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 ₱12.6 million, ₱12.3 million and ₱1.0 million from these investment properties in 2021, 2020 and 2019, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱15.5 million, ₱19.2 million and ₱1.9 million in 2021, 2020 and 2019, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2021	2020
Fund for villa operations and capital expenditures (Note 30)	**₱128,471,640**	₱95,921,673
Deposit to suppliers (Note 30)	**119,867,177**	77,124,777
Computer software - net of accumulated depreciation of ₱13.1 million and ₱11.0 million as of December 31, 2021 and 2020, respectively	**4,896,118**	7,009,910
Property held for future development (Note 30)	**3,676,224**	3,679,290
Refundable deposits	**1,068,312**	1,426,368
Others	**1,177,093**	4,743,667
	₱259,156,564	₱189,905,685

Deposits to suppliers include advances to suppliers for the maintenance of IAI's aircraft and for the acquisition of specific property and equipment.

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 30).

Other noncurrent liabilities amounted to ₱113.7 million and ₱111.4 million as at December 31, 2021 and 2020, 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.

17. Notes Payable

Notes payable as at December 31, 2021 and 2020 represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million.

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained loans from a bank amounting to ₱10.2 million and ₱18.0 million, respectively. The amounts loaned from the bank were used for the additional working capital of IAI. The loans have interest initially fixed at 5.0% 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 and February 19, 2021, the loans were rolled-over for a year amounting to ₱5.2 million and ₱18.0 million with interest fixed at a rate of 5.5% based on prevailing market rates and subject to the same terms. Subsequently, on January 6, 2022 and February 14, 2022, the loans were rolled-over for another year with the same respective principal amounts and with interest fixed at rates of 4.3% and 4.5%, respectively.

b. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱1.1 million, ₱1.2 million and ₱0.5 million in 2021, 2020 and 2019, respectively (see Note 23).

c. The Group's unavailed loan credit line from banks amounted to ₱3,165.0 million and ₱3,191.4 million as at December 31, 2021 and 2020, respectively.

d.

18. Accounts Payable and Accrued Expenses

	2021	2020
Trade payables	**₱329,381,248**	₱294,839,235
Refundable deposits	**194,596,351**	191,960,889
Accruals for:		
Personnel expenses	**156,783,490**	146,090,331
Taxes and licenses	**4,643,847**	4,770,416
Others	**58,013,297**	36,877,339
Payable to villa owners	**81,123,952**	54,862,856
Contract liabilities (Note 5)	**76,098,883**	54,286,065
Payable to a related party (Note 13)	**144,043,755**	27,805,900
Payable to contractors	**16,613,819**	19,848,123
Payable to government agencies	**32,552,217**	19,558,046
Other payables	**16,931,574**	6,921,567
	₱1,110,782,433	₱857,820,767

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.

19. **Long-term Debt**

The Group's outstanding long-term debt from a local bank pertain to PDP Energy:

	2021	2020
Balance as of end of year	**₱75,714,286**	₱227,142,857
Less current portion	**75,714,286**	151,428,571
	₱–	₱75,714,286

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. 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 was 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, 2021 and 2020, PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:

- Real estate mortgage over the land owned by Minuet;
- Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
- Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
- Assignment of leasehold rentals of the properties located in PDP Energy's premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

c. In 2014, IAI converted the short-term loan amounting to US$1.1 million (₱47.0 million) to long-term loan. The term of the loan is six years, inclusive of one year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

This loan was settled in full in May 2020.

Total interest expense recognized in the consolidated profit or loss amounted to ₱7.1 million, ₱19.2 million and ₱44.4 million in 2021, 2020 and 2019, respectively (see Note 23).

20. **Equity**

Equity holders of the Parent

Authorized capital stock as at December 31 consists of the following shares:

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Common - ₱1.0 par value	**3,459,310,958**	**₱3,459,310,958**	3,464,310,958	₱3,464,310,958
Preferred - ₱0.01 par value	**500,000,000**	**5,000,000**	–	–
	3,959,310,958	**₱3,464,310,958**	3,464,310,958	₱3,464,310,958

Issued and outstanding shares as at December 31 consists of the following:

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Common	**2,500,000,000**	**₱2,500,000,000**	2,500,000,000	₱2,500,000,000
Preferred	**500,000,000**	**5,000,000**	–	–
	3,000,000,000	**₱2,505,000,000**	2,500,000,000	₱2,500,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this was approved by SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2021 and 2020 totaled 1,227,570,239. The Company's equity holders as at December 31, 2021 and 2020 is 11,070 and 11,074, 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 2021, 2020 and 2019, the Company declared the following cash dividends:

	2021	2020	2019
Month of declaration	**February and November**	March	February and November
Cash dividend per share	**₱0.50 and ₱0.25**	₱0.75	₱0.25 and ₱0.25
Total cash dividend	**₱1,875.0 million**	₱1,875.0 million	₱1,250.0 million
Share of a subsidiary	**₱920.7 million**	₱937.4 million	₱634.6 million

As at December 31, 2021 and 2020, the Company's dividends payable amounted to ₱519.5 million and ₱366.1 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2021 and 2020 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 ₱118.8 million and ₱136.3 million as at December 31, 2021 and 2020, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱5.5 billion and ₱5.1 billion as at December 31, 2021 and 2020, 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, 2021 and 2020, Anscorcon holds 1,272,429,761 shares of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) in 2020. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2021	2020	2019
Materials used and changes in inventories (Note 11)	**₱6,664,260,843**	₱4,654,071,070	₱6,182,201,800
Salaries, wages and employee benefits (Note 22)	**127,037,370**	108,218,705	123,726,961
Depreciation and amortization (Note 14)	**109,216,132**	92,478,983	81,236,323
Repairs and maintenance	**81,254,728**	75,010,253	103,648,290
Utilities	**68,495,190**	72,743,297	81,758,417
Security services	**6,922,570**	5,992,989	5,023,323
Transportation and travel	**3,359,266**	6,045,156	7,842,844
Insurance	**2,078,351**	2,127,082	2,143,719
Others	**8,995,507**	7,000,700	2,707,310
	₱7,071,619,957	₱5,023,688,235	₱6,590,288,987

Cost of services rendered consists of:

	2021	2020	2019
Resort operating costs	**₱125,670,705**	₱101,363,691	₱160,436,397
Salaries, wages and employee benefits (Note 22)	**68,582,611**	50,926,678	65,974,344
Materials and supplies - resort operations (Note 11)	**33,249,480**	21,855,679	25,548,530
Depreciation and amortization (Note 14)	**32,500,287**	28,521,875	39,749,485
Fuel cost	**24,299,842**	16,956,751	35,731,780
Transportation and travel	**18,607,935**	18,045,475	53,711,346
Repairs and maintenance	**14,100,851**	9,122,274	30,384,808
Commissions	**8,096,975**	7,191,262	15,313,975
Insurance	**7,996,096**	6,063,533	4,515,573
Taxes and licenses	**3,224,122**	3,247,109	5,662,831
Outside services	**1,268,843**	726,978	1,142,487
Others	**10,325,835**	4,681,144	14,550,117
	₱347,923,582	₱268,702,449	₱447,058,842

Operating expenses consist of:

	2021	2020	2019
Salaries, wages and employee benefits (Note 22)	**₱262,348,562**	₱292,989,341	₱343,715,912
Depreciation and amortization (Notes 14, 15 and 30)	**160,879,035**	171,173,222	151,194,031
Shipping and delivery expenses	**96,400,481**	72,923,630	89,675,097
Advertising, marketing and management fee (Note 30)	**94,978,399**	92,191,957	151,367,555
Taxes and licenses	**90,916,131**	72,842,002	55,210,882
Utilities	**84,926,823**	63,194,782	79,746,977
Repairs and maintenance	**41,843,014**	54,713,458	56,982,751
Transportation and travel	**32,264,886**	24,703,019	47,347,552
Commissions	**27,212,971**	19,791,818	34,019,789
Insurance	**26,084,688**	23,278,643	21,649,585
Professional and directors' fees	**25,274,180**	37,395,138	49,816,241
Security services	**19,182,366**	20,457,933	21,220,110
Office supplies	**18,925,461**	13,452,568	6,786,878
Communications	**14,102,634**	13,399,461	12,719,346
Donation and contribution	**12,940,389**	10,026,883	9,618,796
Association dues	**8,400,598**	7,769,547	8,113,533
Meetings and conferences	**8,255,195**	8,299,842	8,820,470
Entertainment, amusement and recreation	**6,054,664**	6,692,946	6,122,508
Rental (Note 30)	**5,708,778**	1,612,537	160,736
Medical expenses	**4,262,816**	3,805,958	8,984,153
Computer programming	**3,166,553**	2,546,436	13,450,049
Trainings	**2,428,179**	2,676,059	2,059,633
Contract maintenance	**841,934**	835,145	1,314,420
Others	**44,581,734**	34,878,189	37,708,623
	₱1,091,980,471	₱1,051,650,414	₱1,217,805,627

In 2021, 2020 and 2019, the Company paid bonus to its non-executive directors amounting to nil, ₱14.0 million and ₱4.6 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.

22. Personnel Expenses

	2021	2020	2019
Salaries and wages	**₱372,619,250**	₱381,286,501	₱348,909,427
Pension costs (Note 24)	**23,169,533**	18,123,185	13,203,358
Social security premiums and other employee benefits	**62,179,760**	52,725,038	171,304,432
	₱457,968,543	₱452,134,724	₱533,417,217

In 2021, 2020 and 2019, the Group declared and paid bonuses to its executive officers amounting to nil, ₱65.5 million and ₱37.0 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.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2021	2020	2019
Debt instruments (Notes 9 and 12)	**₱32,197,278**	₱47,215,234	₱75,190,235
Notes receivable (Note 27)	**15,043,868**	18,038,590	14,334,300
Cash and cash equivalents (Note 8)	**6,235,233**	15,417,105	34,410,510
Others	**57,711**	1,532,894	542,990
	₱53,534,090	₱82,203,823	₱124,478,035

Interest income on debt instruments is net of bond discount amortization amounting to ₱0.2 million, ₱0.2 million and ₱1.8 million in 2021, 2020 and 2019, respectively.

Interest expense arose from the following:

	2021	2020	2019
Long-term debt (Note 19)	**₱7,135,812**	₱19,230,512	₱44,390,418
Lease liabilities (Note 30)	**1,890,962**	2,520,847	3,286,888
Notes payable (Note 17)	**1,054,460**	1,215,914	495,072
Others	**178,452**	1,443,865	192,245
	₱10,259,686	₱24,411,138	₱48,364,623

Other income (charges) consists of:

	2021	2020	2019
Provision for impairment losses on:			
Receivables (Note 10)	**(₱29,731,764)**	(₱75,243,352)	(₱40,841,504)
Other current and noncurrent assets	**–**	–	(910,582)
Impairment loss on investment properties (Note 15)	**(24,812,188)**	–	–
Rental income (Note 30)	**12,809,631**	12,579,912	2,909,532
Recovery of impairment losses (Note 13)	**–**	10,322,694	–
Receipt of escrow fund and tax refund	**–**	83,967,456	88,301,725
Gain on rent concession (Note 30)	**–**	3,917,535	–
Others - net	**(11,973,969)**	15,655,945	19,392,915
	(₱53,708,290)	₱51,200,190	₱68,852,086

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.

24. 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, which 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, 2021 and 2020, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million. The fair value of the shares of stock amounted to ₱506.4 million and ₱420.4 million as at December 31, 2021 and 2020, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's gain arising from the changes in market prices amounted to ₱75.6 million and ₱31.0 million in 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Fund's fair value amounted to ₱720.6 million and ₱551.8 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the fund status and amounts recognized in the consolidated balance sheets.

	2021	2020	2019
Retirement benefit cost:			
Current service cost	**₱24,193,146**	₱20,555,238	₱17,562,357
Net interest income	**(1,023,613)**	(2,432,053)	(4,358,999)
Net benefit expense (Note 22)	**₱23,169,533**	₱18,123,185	₱13,203,358
Actual return on plan assets	**₱160,279,066**	₱46,900,559	₱38,309,338

Changes in net retirement plan asset are as follows:

	2021	2020	2019
Net retirement plan assets, beginning	**₱91,612,330**	₱84,470,839	₱65,391,589
Current service cost	**(13,409,755)**	(12,178,895)	(11,281,011)
Net interest income	**2,910,178**	4,034,196	5,115,853
	(10,499,577)	(8,144,699)	(6,165,158)
Actuarial changes arising from:			
Changes in financial assumptions	**12,608,462**	(15,731,936)	(21,613,963)
Experience adjustments	**14,654,816**	3,213,923	13,906,841

(Forward)

	2021	2020	2019
Changes in the effect of asset ceiling	**(₱113,372,593)**	(₱1,514,499)	₱10,662,932
Remeasurement of plan assets	**143,381,265**	21,595,526	4,002,083
Changes in demographic adjustments	**1,033,745**	–	2,205,744
	58,305,695	7,563,014	9,163,637
Contribution	**7,723,176**	7,723,176	16,196,994
Transfer to net retirement payable	–	–	(116,223)
Net retirement plan assets, end	**₱147,141,624**	₱91,612,330	₱84,470,839

Changes in net retirement benefits payable are as follows:

	2021	2020	2019
Net retirement benefits payable, beginning	**(₱56,895,050)**	(₱32,252,060)	(₱12,858,113)
Current service cost	**(10,783,391)**	(8,376,343)	(6,281,346)
Net interest expense	**(1,886,565)**	(1,602,143)	(756,854)
	(12,669,956)	(9,978,486)	(7,038,200)
Actuarial changes arising from:			
Changes in financial assumptions	**14,172,068**	(18,812,882)	(14,606,935)
Experience adjustments	**(4,452,910)**	(3,225,553)	(5,868,754)
Remeasurement of plan assets	**(2,801,571)**	1,377,734	1,997,522
Changes in demographic adjustments	**39,289**	–	–
Changes in the effect of asset ceiling	**(3,004)**	–	10,000
	6,953,872	(20,660,701)	(18,468,167)
Contribution	**14,464,080**	5,996,197	5,996,197
Transfer from net retirement assets	–	–	116,223
Net retirement benefits payable, end	**(₱48,147,054)**	(₱56,895,050)	(₱32,252,060)

Changes in the present value of defined benefit obligation:

	2021	2020
Defined benefit obligation, beginning	**₱493,788,432**	₱419,533,605
Current service cost	**24,193,146**	20,555,238
Interest cost	**16,625,399**	20,545,945
Remeasurement in other comprehensive income:		
Actuarial loss (gain) - changes in financial assumptions	**(26,787,615)**	34,544,818
Actuarial loss (gain) - experience adjustments	**(10,183,068)**	11,630
Actuarial gain - changes in demographic assumptions	**(1,086,929)**	–
Benefits paid from plan assets	**(13,712,153)**	(1,402,804)
Benefits paid from the Company's fund	**(112,307)**	–
Defined benefit obligation, ending	**₱482,724,905**	₱493,788,432

Changes in the fair value of plan assets:

	2021	2020
Fair value of plan assets, beginning	**₱551,816,645**	₱492,599,517
Interest income	**19,699,372**	23,927,299
Contributions	**22,187,256**	13,719,373
Remeasurement gain	**140,579,694**	22,973,260
Benefits paid from plan assets	**(13,712,153)**	(1,402,804)
Fair value of plan assets, ending	**₱720,570,814**	₱551,816,645

Changes in the effect of asset ceiling:

	2021	2020
Beginning balance	**₱23,310,933**	₱20,847,133
Changes in the effect of asset ceiling	**113,375,597**	1,514,499
Interest on the effect of asset ceiling	**2,164,809**	949,301
Ending balance	**₱138,851,339**	₱23,310,933

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

	2021	2020
Debt instruments	**₱410,413,591**	₱399,277,206
Equity instruments	**293,820,138**	140,111,138
Cash and cash equivalents	**11,157,674**	847,289
Unit investment trust funds	**1,084,512**	5,062,219
Others	**4,094,899**	6,518,793
	₱720,570,814	₱551,816,645

The financial instruments with quoted prices in active market amounted to ₱561.4 million and ₱545.0 million as at December 31, 2021 and 2020, 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:

2021	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱17,213,823)**
	-100 bps	**19,452,832**
Future salary increases	**+100 bps**	**19,333,257**
	-100 bps	**(17,429,176)**

2020	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱20,570,429)
	-100 bps	23,424,647
Future salary increases	+100 bps	22,970,819
	-100 bps	(20,582,214)

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:

2021	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱1,199,594)**
	-100 bps	**1,356,306**
Future salary increases	**+100 bps**	**1,328,139**
	-100 bps	**(1,198,536)**

2020	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱1,294,462)
	-100 bps	1,472,413
Future salary increases	+100 bps	1,435,394
	-100 bps	(1,288,486)

The Group expects to make contributions amounting to ₱25.6 million to its defined benefit pension plans in 2022.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2021	2020
Discount rate	**3.00% to 5.05%**	1.92% to 3.78%
Future salary increases	**4.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2021and 2020 ranges from 1.4 to 10.3 years and 1.4 to 11.8 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2021:

Year	Amount
2022	₱266,389,646
2023	19,840,756
2024	24,986,688
2025	18,498,425
2026	26,532,890
2027 to 2030	148,615,212

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

25. **Income Taxes**

The provision for income tax consists of:

	2021	2020	2019
Current	**₱327,071,822**	₱332,501,209	₱419,419,841
Deferred	**53,080,192**	(41,181,668)	9,953,813
	₱380,152,014	₱291,319,541	₱429,373,654

The components of the net deferred income tax assets (liabilities) are as follows:

	2021		2020	
	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	**₱66,503,058**	**₱–**	₱71,134,320	₱–
Allowance for inventory obsolescence and losses	**23,659,440**	**–**	23,625,259	–
Net retirement benefits payable	**17,481,703**	**–**	16,387,929	–
Unamortized past service cost	**1,340,091**	**926,771**	2,052,372	926,771
Unrealized foreign exchange loss	**–**	**–**	553,075	11,165,712
Others	**8,889,196**	**–**	10,432,209	–
	117,873,488	**926,771**	124,185,164	12,092,483
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	**(500,115)**	**(2,934,499)**	–	–
Net retirement plan assets	**(315,838)**	**(7,017,414)**	(260,619)	(5,586,651)
Fair value adjustment	**–**	**(300,421,730)**	–	(308,417,058)
Market adjustment on FVPL investments	**–**	**(175,482,323)**	–	(137,093,780)
Others	**–**	**(5,206,010)**	–	(7,711,376)
	(815,953)	**(491,061,976)**	(260,619)	(458,808,865)
	117,057,535	**(490,135,205)**	123,924,545	(446,716,382)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	–	**(91,150)**	–	(1,080,750)
Cumulative actuarial gains	**(5,534,433)**	**(31,057,473)**	72,955	(20,594,624)
	(5,534,433)	**(31,148,623)**	72,955	(21,675,374)
	₱111,523,102	**(₱521,283,828)**	₱123,997,500	(₱468,391,756)

[1] *Pertain to SSRLI, ASAC, PDP and AHI.*
[2] *Pertain to Anscor and Anscorcon.*

The following are the deductible temporary differences and carryforward benefits for which no deferred income tax assets were recognized as future realizability of these deferred income tax assets is not probable:

	2021	2020
Deductible temporary differences on:		
Allowances for:		
Impairment losses	**₱1,812,677,232**	₱1,883,617,238
Expected credit losses	**567,537,073**	564,800,000
Accrued pension benefits and others	**1,603,894**	2,379,668
Carryforward benefits of:		
NOLCO	**43,908,287**	138,401,371
MCIT	**7,603,047**	8,799,044

The President of the Philippines signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic corporations.
- For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

The reconciliation of provision for income tax computed at the statutory income tax rate (25% in 2021 and 30% in 2020 and 2019) with the provision for income tax is as follows:

	2021	2020	2019
Provision for income tax at statutory tax rates	**₱729,436,234**	₱138,013,361	₱710,325,095
Additions to (reductions from) income taxes resulting from:			
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	**(326,645,836)**	216,649,877	(233,588,466)
Dividend income not subject to income tax	**(90,948,354)**	(72,379,100)	(108,395,002)
Movement in unrecognized deferred income tax assets	**38,363,894**	41,862,258	87,384,190
Change in income tax rate (impact of CREATE)	**15,507,248**	–	–

(Forward)

	2021	2020	2019
Income tax at 5% GIT	**(₱7,253,409)**	(₱17,975,832)	(₱85,665,018)
Equity in net earnings losses (earnings) of associates not subject to income tax	**(2,852,401)**	179,401,942	85,449,941
Interest income already subjected to final tax	**(131,030)**	(1,458,413)	(2,556,510)
Nontaxable income	–	(218,673,569)	(13,687,406)
Others	**24,675,668**	25,879,016	(9,893,170)
	₱380,152,014	₱291,319,541	₱429,373,654

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
2018	2019-2021	₱31,200,921	₱–	(₱20,732,363)	(₱10,468,558)	₱–
2019	2020-2022	19,229,449	–	(3,596,152)	–	15,633,297
2020	2021-2025	87,971,001	–	(69,796,884)	–	18,174,117
2021	2022-2026	–	10,100,873	–	–	10,100,873
		₱138,401,371	₱10,100,873	(₱94,125,399)	(₱10,468,558)	₱43,908,287

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 and 2021 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025 and taxable years 2022 to 2026, respectively, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Period of Recognition	Availment Period	Amount	Additions	Applied	Expired	Balance
2018	2019-2021	₱3,218,932	₱–	₱–	(₱3,218,932)	₱–
2019	2020-2022	3,866,181	–	–	–	3,866,181
2020	2021-2023	1,713,931	–	–	–	1,713,931
2021	2022-2024	–	2,022,934	–	–	2,022,934
		₱8,799,044	₱2,022,934	₱–	(₱3,218,932)	₱7,603,046

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2021	2020	2019
Net income attributable to equity holders of the Parent	**₱2,504,080,376**	₱165,646,806	₱1,843,615,322
Total comprehensive income (loss) attributable to equity holders of the Parent	**₱2,680,681,495**	(₱24,105,756)	₱1,741,633,291
Weighted average number of shares	**1,227,570,239**	1,241,967,264	1,207,960,035

(Forward)

	2021	2020	2019
Earnings (Loss) Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	**₱2.04**	₱0.13	₱1.53
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	**₱2.18**	(₱0.02)	₱1.44

The Company does not have potentially dilutive common stock equivalents in 2021, 2020 and 2021.

27. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 13 and 30, the Group grants/ receives cash advances to/from its associates and affiliates.

Compensation of the Group's key management personnel (in millions):

	2021	2020	2019
Short-term employee benefits (Notes 21 and 22)	**₱106.8**	₱146.4	₱116.1
Retirement benefits (Notes 21, 22 and 24)	**4.4**	4.4	5.7
Total	**₱111.2**	₱150.8	₱121.8

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 ₱445.2 million and ₱369.6 million as at December 31, 2021 and 2020, respectively.

The balance of the loan, which is presented as "Notes receivable" in the consolidated balance sheets, amounted to ₱297.6 million and ₱307.5 million as at December 31, 2021 and 2020, respectively.

28. 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:

	2021	2020
Cash in banks	**₱1,691,559,733**	₱1,999,052,241
Cash equivalents	**1,036,630,915**	1,091,867,325
FVPL investments - bonds	**246,425,256**	529,582,177
FVOCI investments - bonds	**46,396,340**	94,137,422
Advances	**566,449,622**	566,755,259
	3,587,461,866	4,281,394,424

(Forward)

	2021	2020
Receivables:		
Trade	**₱1,935,826,780**	₱1,834,935,681
Notes receivable	**297,608,131**	307,499,741
Receivable from villa owners	**59,905,684**	42,023,200
Interest receivable	**23,560,532**	26,191,265
Dividend receivable	**22,251,559**	21,422,305
Others	**37,531,831**	42,372,968
	2,376,684,517	2,274,445,160
	₱5,964,146,383	₱6,555,839,584

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

Trade receivables
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
December 31, 2021	**Current**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Total**
Expected credit loss rate	**0%**	**0% - 1.05%**	**0% - 0.02%**	**0%**	**0% - 19.45%**	**100%**	
Estimated total gross carrying amount at default	**₱1,027,300,883**	**₱414,967,480**	**₱133,918,402**	**₱61,636,855**	**₱108,415,875**	**₱189,587,285**	**₱1,935,826,780**
Expected credit loss	**₱–**	**₱4,685,005**	**₱24,441**	**₱–**	**₱21,995,613**	**₱189,587,285**	**₱216,292,344**

		Days Past Due But Not Impaired					
December 31, 2020	Current	Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Total
Expected credit loss rate	0%-0.01%	0%-2.90%	0%-7.12%	0%-14.39%	0%-9.00%	0%-82.88%	
Estimated total gross carrying amount at default	₱1,009,364,877	₱423,482,894	₱130,759,432	₱35,983,385	₱67,311,653	₱168,033,440	₱1,834,935,681
Expected credit loss	₱9,082,737	₱16,119,934	₱8,548,094	₱5,137,721	₱10,741,952	₱137,195,101	₱186,825,539

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.

2021	**12-month ECL**	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Cash in banks	**₱1,691,559,733**	**₱–**	**₱–**	**₱1,691,559,733**
Cash equivalents	**1,036,630,915**	**–**	**–**	**1,036,630,915**
FVOCI investments	**46,396,340**	**–**	**–**	**46,396,340**
Receivables:		**–**		
Notes receivable	**297,608,131**	**–**	**–**	**297,608,131**
Receivable from villa owners	**59,905,684**	**–**	**–**	**59,905,684**
Interest receivable	**22,969,437**	**–**	**591,095**	**23,560,532**
Dividend receivable	**22,251,559**	**–**	**–**	**22,251,559**
Others	**36,532,608**	**–**	**999,223**	**37,532,831**
Advances	**1,649,622**	**–**	**564,800,000**	**566,449,622**
	₱3,215,505,029	**₱–**	**₱566,390,318**	**₱3,781,895,347**

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
Dividend receivable	21,422,305	–	–	21,422,305
Others	41,373,745	–	999,223	42,372,968
Advances	1,955,259	–	564,800,000	566,755,259
	₱3,624,931,408	₱–	₱566,390,318	₱4,191,321,726

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, 2021	**Within 6 Months**	**6 to 12 Months**	**Over 1 Year to 5 Years**	**Over 5 Years**	**Total**
Cash on hand and in banks	**₱1,692,599,481**	**₱–**	**₱–**	**₱–**	**₱1,692,599,481**
Cash equivalents	**1,036,630,915**	**–**	**–**	**–**	**1,036,630,915**
FVPL investments - bonds	**52,012,606**	**15,039,605**	**70,620,865**	**108,752,180**	**246,425,256**
FVOCI investments - bonds	**–**	**–**	**46,396,340**	**–**	**46,396,340**
Receivables*	**1,861,193,724**	**–**	**297,608,131**	**–**	**2,158,801,855**
	₱4,642,436,726	**₱15,039,605**	**₱414,625,336**	**₱108,752,180**	**₱5,180,853,847**

(Forward)

December 31, 2021	Within 6 Months	6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Accounts payable and accrued expenses**	**₱1,002,131,333**	**₱–**	**₱–**	**₱–**	**₱1,002,131,333**
Lease liabilities	**4,969,201**	**4,969,201**	**7,729,869**	**–**	**17,668,271**
Notes payable	**23,166,200**	**–**	**–**	**–**	**23,166,200**
Long-term debt	**75,714,286**	**–**	**–**	**–**	**75,714,286**
Dividends payable	**519,529,172**	**–**	**–**	**–**	**519,529,172**
	₱1,625,510,192	**₱4,969,201**	**₱7,729,869**	**₱–**	**₱1,683,209,262**

* *Excluding non-financial assets amounting to ₱136.0 million. Notes receivable amounting to ₱297.6 million is included.*
** *Excluding non-financial liabilities amounting to ₱108.6 million.*

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	₱–	₱635,779,639	₱280,072,341	₱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.*

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)
2021	**+150**	**₱0.23**
	-150	**(0.23)**
2020	+150	₱0.52
	-150	(0.52)

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, 2021 and 2020. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk
Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration-based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

	Change in	**Increase (Decrease)**	
2021	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	**+100**	**₱–**	**(₱2.06)**
	-100	**–**	**2.19**
FVPL investments	**+100**	**(₱4.85)**	**₱–**
	-100	**5.11**	**–**

	Change in	Increase (Decrease)	
2020	Interest Rates (in bps)	Effect on Income Before Tax	Effect on Equity
FVOCI investments	+100	₱–	(₱1.10)
	-100	–	1.14
FVPL investments	+100	(₱23.81)	₱–
	-100	26.04	–

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE and NASDAQ.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	Change in PSE Price Index	Effect on Income Before Tax and Equity Increase (Decrease)
2021		
	+18.77%	**₱859.33**
	-18.77%	**(859.33)**
2020	+33.14%	₱1,165.59
	-33.14%	(1,165.59)

The annual standard deviation of the PSE price index is approximately with 18.77% and 33.14% and with 99% confidence level, the possible change in PSE price index could be +/- 18.77% and +/- 33.14% in 2021 and 2020, 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)
2021	**+10.00%**	**₱153.90**
	-10.00%	**(153.90)**
2020	+10.00%	₱282.54
	-10.00%	(282.54)

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):

2021	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	**+4.38%**	**₱7.69**
	-4.38%	**(7.69)**
Indonesian Rupiah	**+19.11%**	**(₱34.01)**
	-19.11%	**34.01**

2020	Change in Currency Rate	Effect on Income Before Tax and Equity Increase (Decrease)
US Dollar	+3.23%	₱6.43
	-3.23%	(6.43)
Indonesian Rupiah	+10.31%	(₱18.35)
	-10.31%	18.35

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 ₱490.9 million, with an average quantity of about 1,182 metric tons in 2021 and ₱328.0 million, with an average quantity of about 1,136 metric tons in 2020.

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)
2021	**+9.02**	**(₱76.65)**
	-9.02	**76.65**
2020	+5.71%	(₱29.28)
	-5.71%	29.28

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 sheets.

No changes were made in the objectives, policies or process for the years ended December 31, 2021 and 2020.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2021	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱2,729,230,396**	**₱–**	**₱–**	**₱2,729,230,396**
FVPL investments	**–**	**11,677,813,985**	**–**	**11,677,813,985**
FVOCI investments	**–**	**–**	**46,396,340**	**46,396,340**
Receivables*	**2,158,801,855**	**–**	**–**	**2,158,801,855**
	₱4,888,032,251	**₱11,677,813,985**	**₱46,396,340**	**₱16,612,242,576**

**Excluding non-financial assets amounting to ₱136.0 million. Notes receivable amounting to ₱297.6 million is included.*

December 31, 2020	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱3,091,959,345	₱–	₱–	₱3,091,959,345
FVPL investments	–	10,022,872,169	–	10,022,872,169
FVOCI investments	–	–	94,137,422	94,137,422
Receivables*	2,086,029,303	–	–	2,086,029,303
	₱5,177,988,648	₱10,022,872,169	₱94,137,422	₱15,294,998,239

**Excluding non-financial assets amounting to ₱157.5 million. Notes receivable amounting to ₱307.5 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 different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2021	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱7,405,486,958**	**₱7,405,486,958**	**₱–**	**₱–**
Unquoted equity shares	**1,827,306,698**	–	**805,597,624**	**1,021,709,074**
Funds and equities	**1,790,855,560**	–	**1,790,855,560**	
Proprietary shares	**399,877,073**	–	**399,877,073**	–
Bonds	**246,425,256**	**246,425,256**	–	–
Others	**7,862,440**	**7,862,440**	–	–
	11,677,813,985	**7,659,774,654**	**2,996,330,257**	**1,021,709,074**
FVOCI investments	**46,396,340**	**46,396,340**	–	–
	₱11,724,210,326	**₱7,706,170,994**	**₱2,996,330,257**	**₱1,021,709,074**

		Fair Value Measurement Using		
December 31, 2020	Total	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱6,481,857,144	₱6,481,857,144	₱–	₱–
Funds and equities	1,319,051,909	–	1,319,051,909	–
Unquoted equity shares	1,248,944,824	–	227,235,750	1,021,709,074
Bonds	529,582,177	529,582,177	–	–
Proprietary shares	363,627,073	–	363,627,073	–
Others	79,809,042	79,809,042	–	–
	10,022,872,169	7,091,248,363	1,909,914,732	1,021,709,074
FVOCI investments	94,137,422	94,137,422	–	–
	₱10,117,009,591	₱7,185,385,785	₱1,909,914,732	₱1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2021:

	Valuation Technique	**Significant Unobservable inputs**	**Range**	**Sensitivity of Input to Fair Value**
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱780 5%: fair value of ₱1,069
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,034 30%: fair value of ₱805
		Cost of equity of 13.20%	12.2% to 14.00%	12%: fair value of ₱981 14%: fair value of ₱879

2020:

	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱803 5%: fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30%: fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14%: fair value of ₱948

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 2020	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2020	1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2021	₱1,021.7

In 2021, Grab was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2021, 2020 and 2019, there were no transfers other than those mentioned above.

30. **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 (5) 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 ₱12.6 million, ₱12.3 million and ₱1.2 million in 2021,2020 and 2019, respectively (see Notes 15 and 23).

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, 2021 and 2020 amounted to ₱22.19 million and ₱52.2 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets (see Note 16).

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. Rent expense in 2021 amounted to ₱5.2 million (nil in 2020 and 2019).

   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.

Currently, IAI is in the process of finalizing a renewed 3-year lease agreement with MIAA and is targeted to be completed in 2022. The renewal of the lease agreement is not reasonably certain as of December 31, 2021 as the acceptance by the lessor of the best lease offer is not yet evident.

IAI conducts its operations from leased facilities with ASAC which include the aircraft hangar or ramp, battery shop, parking lots, mechanics' quarters and the administrative office. The lease agreement is for a period of two years commencing on September 1, 2019 and was subsequently renewed. The renewed lease agreement was terminated on August 31, 2021. On September 1, 2021, IAI renewed the lease agreement valid for two years ending August 31, 2023.

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 shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. Effective August 2021, ₱375,000 (inclusive of VAT) is billed by AHI to PRI and the same amount is charged by the Company by PRI.

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 or until December 31, 2023 from the date of expiration, which was on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱75.1 million, ₱52.6 million and ₱109.7 million in 2021, 2020 and 2019, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service to PRI. 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 (eliminated in the consolidated profit or loss) relating to these lease agreements amounted to ₱5.1 million and ₱3.1 million in 2021 and 2020, respectively.

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 ₱164.0 million, ₱90.9 million and ₱168.7 million in 2021, 2020 and 2019, 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, 2021 and 2020, the restricted fund amounted to ₱128.5 million and ₱86.6 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

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. As there are no ongoing projects, no handling fee was recognized in 2021, 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, 2021 and 2020, total property development in progress mainly for Phase 4 villa development amounted to ₱3.7 million. This is presented as part of "Other noncurrent assets" in the consolidated balance sheets (see Note 16).

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 ₱23.3 million and ₱28.8 million as at December 31, 2021 and 2020, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱103.6 million, ₱85.1 million and ₱99.0 million in 2021, 2020 and 2019, respectively.

   A new management contract was executed effective January 1, 2022 subject to the same terms and conditions except for the payment of a fixed fee amounting to ₱7.2 million (VAT inclusive) per year.

b. In 2012, 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, 2021 and 2020, and the movement during the period.

	2021	2020
Cost		
Beginning/Ending balance	**₱35,792,042**	₱35,792,042
Accumulated Amortization		
Beginning balance	**15,070,334**	7,535,167
Amortization for the year	**7,535,167**	7,535,167
Ending balance	**22,605,501**	15,070,334
Net Book Value	**₱13,186,541**	₱20,721,708

Set out below is the carrying amount of lease liability and its movements in 2021 and 2020:

	2021	2020
Beginning balance	**₱24,130,777**	₱30,291,973
Accretion of interest	**1,890,962**	2,520,847
Lease payments	**(9,421,290)**	(4,764,508)
Rent concession	**–**	(3,917,535)
	16,600,449	24,130,777
Less current portion of lease liability	**9,810,744**	4,922,514
Noncurrent portion of lease liability	**₱6,789,705**	₱19,208,263

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2021	2020
Not later than 1 year	**₱9,938,402**	₱9,465,145
More than 1 year but not later than 5 years	**7,729,869**	17,668,271
	₱17,668,271	₱27,133,416

31. Changes in Liabilities Arising from Financing Activities

December 31, 2021

	January 1, 2021	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2021
Long-term debt	**₱227,142,857**	**₱–**	**(₱151,428,571)**	**₱–**	**₱–**	**₱–**	**₱75,714,286**
Notes payable	**23,166,200**	**–**	**–**	**–**	**–**	**–**	**23,166,200**
Dividends payable	**366,069,163**	**–**	**(725,217,672)**	**920,677,681**	**(42,000,000)**	**–**	**519,529,172**
Lease liabilities	**24,130,777**	**–**	**(9,421,290)**	**–**	**–**	**1,890,962**	**16,600,449**
Total liabilities from financing activities	**₱640,508,997**	**₱–**	**(₱886,067,533)**	**₱920,677,681**	**(₱42,000,000)**	**₱1,890,962**	**₱635,010,107**

December 31, 2020

	January 1, 2020	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Foreign Exchange Movement	Accretion of Interest	December 31, 2020
Long-term debt	₱503,307,603	₱–	(₱275,719,246)	₱–	₱–	(₱445,500)	₱–	₱227,142,857
Notes payable	–	28,166,200	(5,000,000)	–	–	–	–	23,166,200
Dividends payable	283,974,578	–	(813,500,482)	937,595,067	(42,000,000)	–	–	366,069,163
Lease liabilities	37,374,645	–	(12,038,287)	–	(3,917,535)	–	2,711,954	24,130,777
Total liabilities from financing activities	₱824,656,826	₱28,166,200	(₱1,106,258,015)	₱937,595,067	(₱45,917,535)	(₱445,500)	₱2,711,954	₱640,508,997

December 31, 2019

	January 1, 2019	Cash Flows for Availment	Cash Flows for Repayments	Dividend Declaration	Foreign Exchange Movement	Accretion of Interest	December 31, 2019
Notes payable	₱250,000,000	₱–	(₱250,000,000)	₱–	₱–	₱–	₱–
Long-term debt	1,138,087,700	5,124,000	(635,732,071)	–	(4,172,026)	–	503,307,603
Dividends payable	285,828,593	–	(617,229,791)	615,375,776	–	–	283,974,578
Lease liabilities	46,397,325	–	(12,309,568)	–	–	3,286,888	37,374,645
Total liabilities from financing activities	₱1,720,313,618	₱5,124,000	(₱1,515,271,430)	₱615,375,776	(₱4,172,026)	₱3,286,888	₱824,656,826

32. 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. 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. 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, 2021 and 2020, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, are not disclosed as they many prejudice the Group's negotiation with third parties.

33. Notes to Consolidated Statements of Cash Flows

The Group's noncash investing and financing activities in 2021 are as follows:

- Additions to property and equipment amounting to ₱197.57 million; and
- Loans amounting to ₱23.2 million were rolled-over for another year.

34. Subsequent Events

- On February 17, 2022, AI disposed and transferred all of its shares in AGP-SG, for a total consideration of $38.50 million (see Note 13).
- On February 23, 2022, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 5, 2022 to common stockholders of record as at March 11, 2022.

SGV
Building a better working world

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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated February 23, 2022. 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 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
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

A. SORIANO CORPORATION AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex A:	Reconciliation of Retained Earnings Available for Dividend Declaration
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Annex C:	Supplementary Schedules Required by Annex 68-J

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- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
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- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
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ANNEX A

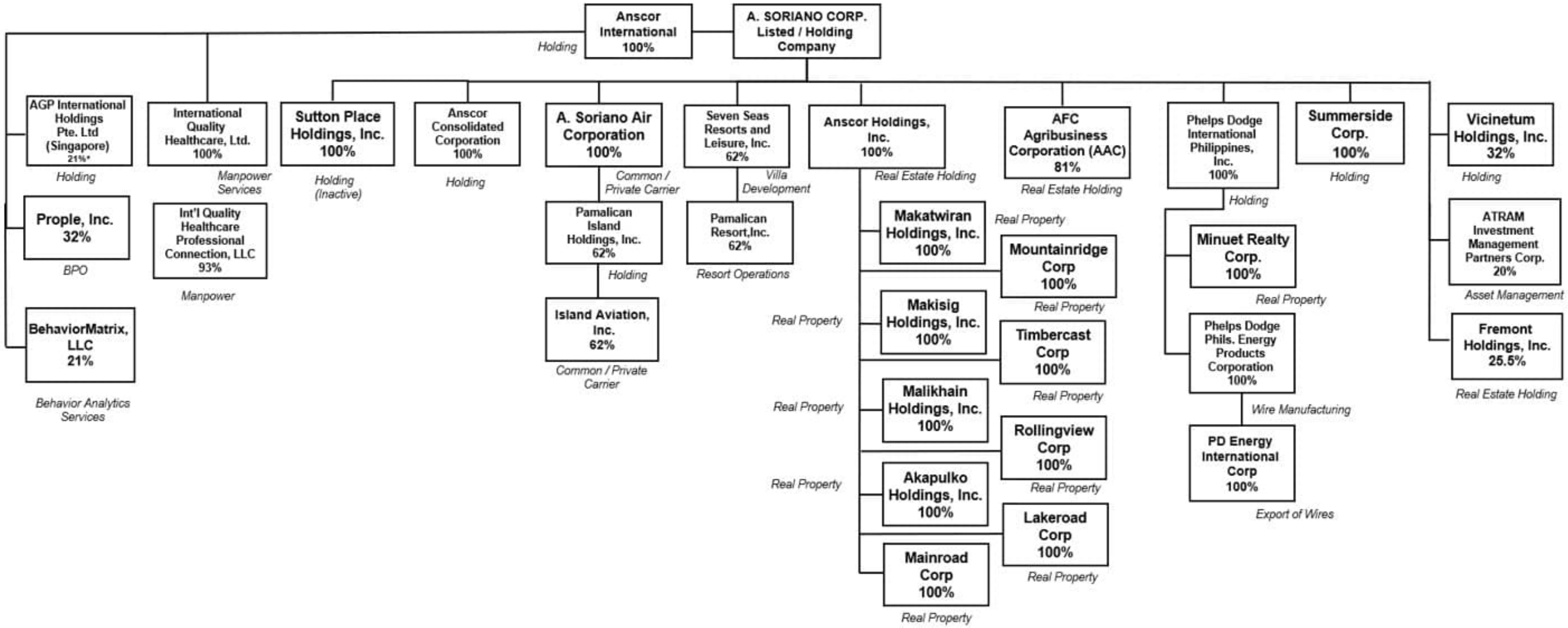
A. SORIANO CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated retained earnings, January 1, 2021		**₱5,538,392,193**
Adjustments pertaining to unrealized market to market gains and deferred tax assets		(3,530,066,286)
Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2021		**2,008,325,907**
Add: Net income actually earned/realized		
Net income during the period	3,359,704,488	
Fair value adjustments related to unrealized market to market gains of FVPL investments	(1,747,660,811)	1,612,043,677
Net income actually earned		**3,620,369,584**
Less dividend declarations		(1,875,000,000)
Total retained earnings available for dividend declaration, December 31, 2021		**₱1,745,369,584**

ANNEX B

A. SORIANO CORPORATION AND SUBSIDIARIES

GROUP STRUCTURE
DECEMBER 31, 2021



A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
FVPL INVESTMENTS				
QUOTED EQUITY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Ayala Corporation	547,290	454,797,990	454,797,990	18,153,758
Ayala Land Inc.	3,844,600	141,096,820	141,096,820	(5,395,774)
Bloomberry Resorts Corporation	4,748,400	29,914,920	29,914,920	(8,594,604)
Converge ICT Solutions, Inc.	2,483,600	79,226,840	79,226,840	35,544,678
I C T S I	23,549,602	4,709,920,400	4,709,920,400	1,926,527,063
iPeople Inc."A"	92,945,934	649,692,079	649,692,079	(155,136,233)
Jollibee Foods Corp.	452,530	97,927,492	97,927,492	12,074,188
Manila Water Company, Inc.	3,813,700	94,389,075	94,389,075	36,532,508
Megawide	4,725,580	24,478,504	24,478,504	(13,042,601)
P L D T	67,170	121,712,040	121,712,040	37,489,093
Synergy Grid & Development Phils. Inc.	5,066,400	66,471,168	66,471,168	6,687,648
Wilcon Depot Inc.	1,330,800	40,589,400	40,589,400	17,009,934
Macquarie Asean Tech Inv't (GRAB)	5,000,000	384,482,592	384,482,592	129,487,592
AI - Ym-Abs	593,868	510,787,638	510,787,638	(1,029,782,778)
		7,405,486,958	**7,405,486,958**	**1,007,554,472**
UNQUOTED EQUITY SHARES	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
K S A Realty Inc	-	1,021,709,073	1,021,709,073	185,640,000
Sierra Madre	-	326,715,666	326,715,666	120,560,974
Navegar I	-	25,425,716	25,425,716	2,012,050
Navegar II	-	183,594,044	183,594,044	31,752,316
Asia Partners	-	269,862,199	269,862,199	5,927,646
		1,827,306,698	**1,827,306,698**	**345,892,986**
FUNDS AND EQUITIES	**No. of Units**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Activision Blizzard Inc.	3,000	10,178,890	10,178,890	(2,547,487)
Adobe Ord	590	17,062,501	17,062,501	2,954,608
Advanced Micro Devices Inc.	1,250	9,173,445	9,173,445	2,230,467
Alibaba Group Holdings Ltd	1,575	9,541,620	9,541,620	(7,570,312)
Alphabet Inc.-Class A	200	29,549,229	29,549,229	14,683,104
Amazon.Com.Inc	200	34,009,601	34,009,601	971,706
Antartica Alpha Access-Fenghe Fund	1,854	15,299,697	15,299,697	(3)
Apple Inc.	1,250	11,319,866	11,319,866	2,719,443
BGF China Bond A3 USD	44,551	36,966,591	36,966,591	(543,843)
BGF Sustain Energy A2	11,455	10,871,605	10,871,605	620,806
BGF-Asian Tiger Bond-A6	55,479	41,110,501	41,110,501	(5,102,578)
Block Class A(Square Inc-A) *	500	4,118,424	4,118,424	(1,712,929)
BOS PE Healthcare GR 2017	2,076	146,042,830	146,042,830	26,088,395
BOS Secured Pte Lending 2019	1,000	51,074,482	51,074,482	3,560,763
Broadcom Ord shs	250	8,483,811	8,483,811	2,166,391
Constellation Brands Inc-A	250	3,199,805	3,199,805	338,888
Crowdstrike Holdings	600	6,265,227	6,265,227	257,888
Direxion Auspice Broad Commodity Strat ETF	5,000	7,440,754	7,440,754	326,955
DocuSign Ord Shs	300	2,330,297	2,330,297	(1,933,346)
Exxcon Mobil Corporation NPV	850	2,652,534	2,652,534	51,152
Fidelity Asian Hi Yld AMD	58,906	58,430,552	58,430,552	(8,570,338)
FSSA Asian Equity Plus III	15,257	14,971,260	14,971,260	(328,440)
General Motors Co	900	2,691,064	2,691,064	(5,508)
Invesco Gref A ENH QD	4,963	25,243,355	25,243,355	2,391,728
Invesco US Senior Loan Fund	5,640	45,734,591	45,734,591	901,615
iShares Diversified Commod Swap	32,000	10,126,361	10,126,361	(334,227)
JPM China A-Share Opportunities C	7,248	15,210,986	15,210,986	(88,714)
JPM Income Fund	11,777	83,042,196	83,042,196	1,654,931
Keppel DC Reit	30,000	2,782,803	2,782,803	90,131
Lion Cap BOS EMK	390,369	24,367,895	24,367,895	(902,892)
LMGF (Legg MasonClearbridge Global)	8,308	44,705,001	44,705,001	2,685,776

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
Meta Platforms Ord Shs Class A	1,910	32,763,211	32,763,211	935,374
Microsoft Corporation	1,850	31,731,170	31,731,170	12,407,048
Mirova Global Sustainable Equity Fund	1,055	10,105,626	10,105,626	(94,173)
Morgan Stanley Inv Funds-Global Brands	5,513	15,912,587	15,912,587	612,887
Oaktree Alpha Credit Fund-302056	2,000	105,216,334	105,216,334	24,283,910
Okta Ord Shrs Class A-USD	325	3,715,545	3,715,545	3,226
Paypal Holdings Inc	1,400	13,464,348	13,464,348	(3,545,377)
Pend-Breit I USD-ACC	600,000	30,599,400	30,599,400	-
PIMCO Funds GL Capital Securities	15,909	17,938,898	17,938,898	-
PIMCO Funds Global Inv Ser PLC-INC FD	71,802	62,544,236	62,544,236	(1,065,418)
Polar Capital Funds PLC-Glb Tech	2,081	10,292,111	10,292,111	92,311
Raytheon Technologies Ord	650	2,852,833	2,852,833	195,913
Reckitt Benckiser Group PLC London	600	2,607,882	2,607,882	76,074
RTW 0620 N100 B5N USD ACC	300	15,088,211	15,088,211	(755,634)
RTW OS 5N221N100 B-ACC	150	6,385,949	6,385,949	(1,302,150)
Salesforce.Com Inc	1,675	21,708,630	21,708,630	2,981,193
Servicenow Inc	410	13,572,624	13,572,624	3,029,929
Shopify Inc-Class A	200	14,049,103	14,049,103	2,478,697
SPDR KBW Regional Banking ETF	1,100	3,974,607	3,974,607	(1,156,205)
Splunk Inc	570	3,363,914	3,363,914	(1,610,947)
Taiwan Semiconductor Mfg Co	400	2,454,276	2,454,276	2,856
Teladoc Health Ord	650	3,043,773	3,043,773	(3,349,187)
Tencent Holdings Ltd	2,600	7,731,916	7,731,916	(1,719,880)
Uber Technologies Inc.	4,000	8,553,552	8,553,552	(1,916,925)
Vanguard Value ETF-NY	550	4,126,355	4,126,355	270,204
VISA Inc-Class A shrs	1,700	18,788,389	18,788,389	(313,464)
Wellington Global Healthcare	7,468	19,057,853	19,057,853	1,082,517
Wellington Strategic European Eq Fund	17,395	15,702,270	15,702,270	402,570
Allianz Oriental Income-AT	3,277	42,660,324	42,660,324	2,447,612
Allianz Thematica-AT	4,511	41,219,241	41,219,241	1,006,530
ATRAM Philippine SDG Fund	403,450	48,656,660	48,656,660	8,656,660
Credit Suisse Lux Digital Health Eqy-B	442	20,815,412	20,815,412	(577,749)
Credit Suisse Lux Security B	9,114	21,632,119	21,632,119	1,394,421
Enora Global Fund	44,903	53,609,090	53,609,090	2,610,090
FTX5-75 5.50% 03/08/23	83,068,000	85,722,770	85,722,770	(1,367,228)
FXT1060 3.625% 09/09/25	65,000,000	64,720,565	64,720,565	(2,300,575)
Global Financial Feeder Fund	143,839	20,931,065	20,931,065	931,065
Global Technology Feeder Fund	92,480	21,840,402	21,840,402	1,840,402
Janus Henderson Horizon Global Sus	43,975	42,409,540	42,409,540	2,196,828
Schroder Alternative Solutions	5,082	22,735,582	22,735,582	1,470,391
T-Rowe Price Funds Sicav	17,023	22,233,213	22,233,213	968,022
MS-UBS USD Autocallable Stk-USD	-	266,500	266,500	-
AHI-PLDT Series Y 10% Cumm. Pref.	4,200	46,452	46,452	-
AHI-PLDT Series BB 10% Cumm. Pref.	1,200	13,248	13,248	-
		1,790,855,560	1,790,855,560	38,857,419
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
AEV (Aboitiz Equity Venture) 4.2% 1/16/30	$ 350,000	18,318,203	18,318,203	679,650
Agile 6.05% 10/13/25	$ 300,000	9,026,823	9,026,823	(5,701,390)
BEEFC 4.375% 03/18/31	$ 300,000	14,649,463	14,649,463	55,676
Braskem Netherlands 4.5% 100128	$ 300,000	16,217,682	16,217,682	933,725
CNTCN 7.5% 07/14/25	$ 350,000	11,156,031	11,156,031	(5,621,433)
Country Garden Holdings 4.75% 250722	$ 300,000	15,039,605	15,039,605	155,853
Fortune Star (BVI) Ltd Fosui 5% 05/15/26'24	$ 300,000	14,611,214	14,611,214	(526,195)
JFC (Jollibee Food Corp) 4.75% 6/24/30	$ 300,000	16,217,682	16,217,682	1,372,163
JSTL 5.375% 04/04/25	$ 300,000	15,988,187	15,988,187	889,047
KOC Holdings AS 6.5% 03/11/2025	$ 200,000	10,352,797	10,352,797	35,832
Petron Corp PCorX 4.6% Perp '23 FRN-USD	$ 200,000	10,174,301	10,174,301	919,655
Royal Capital BV 4.875% 291249 Perp	$ 300,000	15,892,563	15,892,563	2,527,074
SMC GLB Power 6.5% Perp	$ 500,000	25,945,741	25,945,741	2,418,980

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)
Shimao Property Holdings 5.2% 01/30/25	$ 300,000	9,485,814	9,485,814	(5,837,214)
Wholesome Spirits Inc.	-	25,499,500	25,499,500	-
Medifi	-	17,849,650	17,849,650	-
		246,425,256	**246,425,256**	**(7,698,577)**
PROPRIETARY SHARES	**No. of Shares**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Manila Polo Club	1	24,000,000	24,000,000	(1,000,000)
Maybank ATR KIMENG Partners, Inc.	-	15,000	15,000	-
Canlubang Golf & Country Club	2	3,200,000	3,200,000	-
Celebrity Sports Plaza	1	250,000	250,000	50,000
Manila Golf & Country Club	3	332,000,000	332,000,000	32,000,000
Metropolitan Club	1	250,000	250,000	(150,000)
Orchard Golf & Country Club	1	800,000	800,000	450,000
Palms Country Club Class A	1	1,000,000	1,000,000	(200,000)
Sta Elena Properties'A'	3	18,000,000	18,000,000	3,000,000
Valle Verde Country Club	1	600,000	600,000	-
PLDT	10,708	119,073	119,073	-
Orchards Golf Club "A"	1	500,000	500,000	150,000
Alabang Country Club "A"	2	12,000,000	12,000,000	-
Club Filipino	1	300,000	300,000	50,000
Cresta Del Mar	1	68,000	68,000	-
Makati Sports Club "A"	1	750,000	750,000	150,000
Philippine Village Resort	1,000	5,000	5,000	-
Valle Verde Country Club	3	1,600,000	1,600,000	850,000
Valley Golf Club	1	750,000	750,000	(150,000)
Manila Southwoods "A"	1	1,950,000	1,950,000	650,000
Puerto Azul	1	120,000	120,000	-
Alta Vista De Cebu (Vistamar)	1	400,000	400,000	200,000
Camp John Hay	2	500,000	500,000	200,000
Tagaytay Midlands Golf Club, Inc.	1	700,000	700,000	-
		399,877,073	**399,877,073**	**36,250,000**
OTHERS	**No. of Units/Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Manila Peninsula Hotels,Inc.	265,000	2,444,945	2,444,945	-
PLDT Co - Pref	1,200	12,600	12,600	-
Realty Investment Inc	120,000	32,500	32,500	-
Central Azucarera de La Carlota	271	780	780	-
ACMDC	840,173	5,183,868	5,183,868	(243,650)
Meralco	636	187,747	187,747	2,035
		7,862,440	**7,862,440**	**(241,615)**
TOTAL - FVPL INVESTMENTS		**11,677,813,985**	**11,677,813,985**	**1,420,856,300**
FVOCI INVESTMENTS				
BONDS	**Face Amount**	**Amount in PHP**	**Amount in PHP**	**Amount in PHP**
Delhi International Air 6.125% 311026	$ 300,000	15,643,943	15,643,943	660,876
ESATD 4.125% 06/30/21 MTN	$ 300,000	15,146,703	15,146,703	310,231
Pakuwon Jati TBK PWON 4.875% 042928	$ 300,000	15,605,694	15,605,694	425,862
		46,396,340	**46,396,340**	**1,396,969**
TOTAL - FVOCI INVESTMENTS		**46,396,340**	**46,396,340**	**1,396,969**
GRAND TOTAL - FINANCIAL ASSETS		**11,724,210,325**	**11,724,210,325**	**1,422,253,269**

Note 1 This account consists of investments that are designated as FVPL, FVOCI and held-for-trading investments.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS (Note 1)
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in PHP)

Name of issuing Entity and association of each issue	Number of shares or Principal Amount of Bonds and Notes	Amount shown in the Balance Sheet	Value Based on Market Quotations at end of reporting period	Income received & Accrued (Note 2)

Note 2 This column includes interest income, dividends and unrealized gain/loss in market value of FVPL investments charged to income in 2021

A. SORIANO CORPORATION
SCHEDULE B - AMOUNTS RECEIVABLE FROM OFFICERS, EMPLOYEES AND RELATED INTEREST
FOR THE YEAR ENDED DECEMBER 31, 2021

Name and Designation of Debtor	Beginning Balance	Additions	Collections	Current	Not Current	Ending Balance

NOT APPLICABLE

Aggregate indebtedness of the individual directors, officers, employees, and principal stockholders (other than related parties) are below P1,000,000.

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
A. SORIANO CORPORATION RECEIVABLES FROM ITS SUBSIDIARIES							
Anscor Holdings, Inc.	3,076,672	5,625,670	-	-	5,625,670	3,076,672	8,702,342
Summerside Corporation	785,125	-	-	-	-	785,125	785,125
Seven Seas Resorts & Leisure Inc.	125,216		70,869	-	-	54,347	54,347
Pamalican Resorts, Inc.	685,740	6,425,000	7,075,000	-	35,740	-	35,740
Pamalican Island Holdings, Inc. (PIHI)	(606,644)	-	-	-	-	(606,644)	(606,644)
A. Soriano Air Coporation	4,000,000	36	4,000,000	-	36	-	36
Island Aviation Inc.	(46,321)	-	14,754	-	(14,754)	(46,321)	(61,075)
Anscor Consolidated Corporation	288,842,056	634,500,000	923,363,180	-	(21,124)	-	(21,124)
Phelps Dodge Philippines Energy Products Corporation	28,789,139	116,064,744	121,530,958	-	23,322,925	-	23,322,925
Phelps Dodge International Philippines, Inc.	-	250,000,000	250,000,000	-	-	-	-
AFC Agribusiness Corporation	7,381,000	872,352	-	-	872,352	7,381,000	8,253,352
Sutton Place Holdings	(8,385,071)	-	364,310	-	-	(8,749,381)	(8,749,381)
IQ Healthcare Investments Limited	7,156,720	-	-	-	-	7,156,720	7,156,720
Anscor International, Inc.	2,170,250,660	217,382,560	-	-	217,382,560	2,170,250,660	2,387,633,220
	2,502,054,292	**1,230,870,362**	**1,306,419,071**	**-**	**247,203,405**	**2,179,302,178**	**2,426,505,583**
RECEIVABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
Pamalican Resort Inc. (ASAC direct receivables)	991,868		502,891	-	488,977	-	488,977
Pamalican Resort Inc. (IAI direct receivables)	51,507,860		21,240,095	-	-	30,267,765	30,267,765
A. Soriano Corporation (PIHI direct receivables)	606,644	-	-	-	-	606,644	606,644
	53,106,372	-	21,742,986	-	488,977	30,874,409	31,363,386
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
Island Aviation Inc. (direct receivable of PRI)	58,794,445	28,408	-	-	28,408	58,794,445	58,822,853
Island Aviation Inc. (direct receivable of Seven Seas)	50,917,152	-	7,500,000	-	-	50,917,152	43,417,152
	109,711,597	28,408	7,500,000	-	28,408	109,711,597	102,240,005
SUTTON PLACE HOLDINGS, INC.. (Conso)							
A. Soriano Corporation (direct receivable of Sutton)	8,385,071	364,310	-	-	-	8,749,381	8,749,381
	8,385,071	364,310	-	-	-	8,749,381	8,749,381

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
ANSCOR INTERNATIONAL (Conso)							
IQ Healthcare Investments Limited)	7,923,795	9,339,367	-	-	9,339,367	7,923,795	17,263,162
	7,923,795	9,339,367	-	-	9,339,367	7,923,795	17,263,162
Anscor Holdings, Inc.							
Seven Seas Resorts & Leisure Inc.	31,743	95,227	-	-	95,227	31,743	126,970
Pamalican Resort Inc.	173,214	-	173,214	-	-	-	-
Summerside Corporation	51,083	-	51,083	-	-	-	-
	256,040	95,227	224,297	-	95,227	31,743	126,970
Summerside Corporation							
Anscor Holidngs, Inc.	-	2,039,204	-	-	2,039,204	-	2,039,204
	-	2,039,204	-	-	2,039,204	-	2,039,204
	179,382,875	**11,866,515**	**29,467,283**	**-**	**11,991,182**	**157,290,925**	**161,782,107**
PAYABLES BETWEEN PARENT/SUBSIDIARIES							
A. SORIANO AIR CORP. (Conso)							
A. Soriano Corporation	3,953,679	36	4,014,754	-	(14,718)	-	(61,039)
Seven Seas Resorts & Leisure Inc. (direct payable of IAI)	50,917,152	-	7,500,000	-	-	43,417,152	43,417,152
Pamalican Resort Inc. (direct payable of IAI)	58,794,445	28,408	-	-	28,408	58,794,445	58,822,853
	113,665,276	28,444	11,514,754	-	13,690	102,211,597	102,178,966
ANSCOR CONSOLIDATED CORPORATION							
A. Soriano Corporation	288,842,056	634,500,000	923,363,180	-	(21,124)	-	(21,124)
	288,842,056	634,500,000	923,363,180	-	(21,124)	-	(21,124)
SEVEN SEAS RESORTS & LEISURE INC. (Conso)							
A.Soriano Corporation (direct payable of PRI)	685,740	6,425,000	7,075,000	-	35,740	-	35,740
A.Soriano Corporation (direct payable of SSRLI)	125,216	-	70,869	-	-	54,347	54,347
Anscor Holdings, Inc. (direct payable of SSRLI)	31,743	95,227	-	-	126,970	-	126,970
Anscor Holdings, Inc. (direct payable of PRI)	173,214	-	173,214	-	-	-	-

A. SORIANO CORPORATION AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE

ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amount Written Off	Current	Non Current	Balance at End of Period
A. Soriano Air Corporation (direct payable of PRI)	981,868	-	502,891	-	-	478,977	478,977
Island Aviation, Inc. (direct payable of PRI)	51,507,860	-	21,240,095	-	-	30,267,765	30,267,765
	53,505,641	6,520,227	29,062,069	-	162,710	30,801,089	30,963,799
PHELPS DODGE INTERNATIONAL PRODUCTS PHILIPPINES, INC. (PDIPI) - Conso							
A. Soriano Corporation (direct payable of PDP Energy)	28,789,139	116,064,744	121,530,958	-	23,322,925	-	23,322,925
A. Soriano Coporation (direct payyable of PDIPI)	-	250,000,000	250,000,000	-	-	-	-
	28,789,139	366,064,744	371,530,958	-	23,322,925	-	23,322,925
ANSCOR HOLDINGS INC. (Conso)							
Summerside Corporation	-	2,039,204	-	-	2,039,204	-	2,039,204
A. Soriano Corporation	3,076,672	5,625,670	-	-	5,625,670	3,076,672	8,702,342
	3,076,672	5,625,670	-	-	5,625,670	3,076,672	8,702,342
SUMMERSIDE CORPORATION (Conso)							
A. Soriano Corporation	785,125	-	-	-	-	785,125	785,125
Anscor Holdings, Inc.	51,083	-	51,083	-	-	-	-
	836,208	-	51,083	-	-	785,125	785,125
AFC AGRIBUSINESS CORPORATION							
A. Soriano Corporation	7,381,000	872,352	-	-	872,352	7,381,000	8,253,352
	7,381,000	872,352	-	-	872,352	7,381,000	8,253,352
ANSCOR INTERNATIONAL (Conso)							
A. Soriano Corporation (direct payable of AI)	2,170,250,660	217,382,560	-	-	217,382,560	2,170,250,660	2,387,633,220
A. Soriano Corporation (direct payable of IQ Healthcare Investments Limited)	7,156,720	-	-	-	-	7,156,720	7,156,720
IQ Healthcare Investments Limited	7,923,795	9,339,367	-	-	9,339,367	7,923,795	17,263,162
	2,185,331,175	226,721,926	-	-	226,721,926	2,185,331,175	2,412,053,101
	2,681,427,167	**1,240,333,363**	**1,335,522,044**	**-**	**256,698,150**	**2,329,586,658**	**2,586,238,487**

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE D - LONG-TERM DEBT
AS OF DECEMBER 31, 2021
(Amounts in PHP)

Title of issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown under caption "Current portion of long-term debt" in related balance sheet	Amount Shown under caption "Long-term debt - net of current portion" in related balance sheet
Loan availed by PDP:			
BDO UNIBANK (Note 1)	75,714,286	75,714,286	-
Total	75,714,286	75,714,286	-

Note 1 - In 2015, PDP Energy obtained a long-term loan to partially fund the P1.5 billion cash dividend paid to Anscor. Principal amount of the loan amounted to P1.2 billion payable in seven years with annual interest of 4.5%, subject to repricing at the end of the fifth year.

PDP Energy is subject to the following negative covenants for as long as the long-term loan remains outstanding, which include, but are not limited to: (a) permitting any material change in its business or in the ownership or control of its business or in the composition of its top management; (b) incurring any indebtedness (long-term loan or borrowings) with other banks; (c) allowing declaration or payment of cash dividends to its stockholders if the debt service covenant ratio is below 1.25 times or in the event of default; (d) selling, leasing, transferring or otherwise disposing all or substantially all of PDP Energy’s properties and assets; (e) extending loans, advances or subsidies to any corporation it owned other than for working capital requirements or with prior consent of the Bank; and (f) undertaking any capital expenditures or purchase additional capital equipment outside of the ordinary course of business. The long-term loan also provides that PDP Energy has to maintain a ratio of current assets to current liabilities of at least 1.0 times and debt-to-equity ratio should not be more than 2.0 times until final payment date. As at December 31, 2020, PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:
• Real estate mortgage over the land owned by Minuet;
• Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy’s and PDEI’s premises;
• Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
• Assignment of leasehold rentals of the properties located in PDP Energy’s premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE E - INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021 AND 2020
(Amounts in PHP)

PARTICULARS	Balance at Beginning of Period	**Balance at End of Period**
Due From:		
Multi-media Telephony, Inc. (MTI) (Notes 1)	564,769,510	**564,769,510**
Others	1,947,092	**1,641,455**
	566,716,602	**566,410,965**
Less Allowance for Doubtful Accounts	564,761,343	**564,761,343**
RECEIVABLE - NET	1,955,259	**1,649,622**

Note 1 In June and September 2005, the Company entered into a loan agreement with MTI for the latter to issue convertible debts to the Company. The debts, totaling US$3.0 million are payable in 270 days and bear interest at 20% per annum. Prior to the payment date, the Company has the option to convert the said debt into Vicinetum Holdings, Inc.'s (VHI) (MTI's parent company) shares of stock.

In 2006, the Company provided additional advances to MTI amounting to US$6.5 million. The advances are payable in two years and bear interest at 20% per annum. The Company has the option to convert these advances to shares of stock of MTI.

In 2007, additional ₱25.0 million advances were extended to MTI to be converted to 278,822 shares of VHI.

As of December 31, 2009, these advances were converted into deposits for future stock subscription of VHI shares.

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021
(Amounts in PHP)

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which this Statement is Filed	Nature of Guarantee
N A	NA	NA	NA	NA

A. SORIANO CORPORATION AND SUBSIDIARIES
SCHEDULE G - CAPITAL STOCK
AS OF DECEMBER 31, 2021

Title of Issue	Number of Shares Authorized	Number of Shares issued & Outstanding	Number of shares Reserved for Options,Warrants Conversions & Other Rights	Number of shares Held by			
				Subsidiaries	Related Parties	Directors, Officers & employees	Others
Common Stock	3,459,310,958	2,500,000,000	NA				
Preferred Stock	500,000,000	500,000,000	NA	-	500,000,000	-	-
		3,000,000,000					
Treasury shares		-					
No. of shares issued and outstanding (legal)		**3,000,000,000**		1,272,429,761	63,694,835	669,957,265	993,918,139
No. of shares held by a subsidiary (Anscor Consolidated Corporation)		(1,272,429,761) *					
Outstanding shares - net of shares held by a subsidiary		**1,727,570,239**					

* As at December 31, 2021 and 2020, Anscorcon holds 1,272,429,761 shares of the Company. In 2020, Anscorcon purchased 22,557,515 Company shares for P285.8 million.

SGV
Building a better working world

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1226 Makati City
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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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 23, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020, November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

			2021		2020	
i.	Current Ratio	Total Current Assets	18,093,740,907	9.64: 1	16,157,261,437	10.03 : 1
		Total Current Liabilities	1,877,916,302		1,610,273,637	
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	16,404,272,401	8.74: 1	15,050,824,355	9.35 : 1
		Total Current Liabilities	1,877,916,302		1,610,273,637	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	2,806,675,830	109.30%	457,820,886	19.55%
		Total Liabilities	2,567,867,866		2,341,894,799	
iv.	Debt-to-Equity Ratio	Total Liabilities	2,567,867,866	2.57 : 20.46	2,341,894,799	2.34 : 18.70
		Equity Attributable to Equity Holders of the Parent	20,460,578,865		18,695,575,051	
v.	Asset-to-Equity Ratio	Total Assets	23,624,974,330	1.15	21,602,285,333	1.16
		Equity Attributable to Equity Holders of the Parent	20,460,578,865		18,695,575,051	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	2,928,004,620	285.39	484,455,675	19.85
		Interest expense	10,259,686		24,411,138	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	2,504,080,376	12.24%	165,646,806	0.89%
		Equity Attributable to Equity Holders of the Parent	20,460,578,865		18,695,575,051	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	2,504,080,376	10.60%	165,646,806	0.77%
		Total Assets	23,624,974,330		21,602,285,333	

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

			2021		2020	
ix.	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	2,504,080,376	22.05%	165,646,806	2.41%
		Total Revenues	11,354,086,841		6,883,700,687	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	20,460,578,865	16.67	18,695,575,051	15.23
		Outstanding Number of Shares	1,227,570,239		1,227,570,239	

REPUBLIC OF THE PHILIPPINES

SECURITIES AND EXCHANGE COMMISSION

SEC Building EDSA, Greenhills
City of Mandaluyong Metro Manila

Company Reg. No. PW-02

**CERTIFICATE OF FILING
OF
AMENDED BY-LAWS**

KNOW ALL PERSONS BY THESE PRESENTS:

THIS IS TO CERTIFY that the Amended By-Laws of

A. SORIANO CORPORATION

copy annexed, adopted on March 06, 2007 by majority vote of the Board of Directors and on April 16, 2007 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and majority of the said Board was approved by the Commission on this date pursuant to the provisions of Section 48 of the Corporation Code of the Philippines Batas Pambansa Blg. 68, approved on May 1, 1980, and copies thereof are filed with the Commission.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of this Commission to be affixed at Mandaluyong City, Metro Manila, Philippines, this 25th day of May, Two Thousand Seven.

BENITO A. CATARAN
Director
Company Registration and Monitoring Department

AMENDED BY-LAWS
OF
A. SORIANO CORPORATION

ARTICLE I

CAPITAL STOCK AND SHARES

Section 1. Each stockholder shall be entitled to one or more shares of the Corporation registered in its Stock Books in the name of the person who has subscribed thereto. Certificates of Stock shall be issued in numerical order from the Stock Certificates Book and shall be signed by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer, and countersigned by the Secretary and sealed with its corporate seal; Provided, that in lieu of the original signatures of the Chairman of the Board and Chief Executive Officer, or the President and Chief Operating Officer, and of the Secretary there may be substituted a facsimile of said signatures, in which case a certificate must bear the original and genuine signature of the Assistant Secretary or of an authorized representative of the Corporation's stock transfer agent and shall be sealed with the corporate seal. The certificates of stock shall be numbered in the order in which they are issued. On the stub of each certificate issued shall be recorded the data relative to each certificate.

Section 2. The certificates of stock may be transferred, sold, ceded or pledged by written endorsement on the back of the certificate and delivery thereof to the assignee, but the Corporation shall continue to honor the ownership of such certificate of the person in whose name it was issued, until such certificate is surrendered to the Secretary for cancellation and in lieu thereof a new certificate is issued in the name of the assignee.

The Corporation will refuse to record on its book the transfer of, and will not issue or sell, any shares of its capital stock or interest thereon, to persons who are not citizens of the Philippines, if, as a result of such issuance, sale or transfer, the total number of shares of capital stock owned on record or beneficially, as may be known to the Corporation, by non-Philippine citizens, will exceed FORTY PERCENT (40%) of the number of outstanding shares of capital stock and this restriction shall be indicated in all stock certificates.

Section 3. All certificates presented for transfer to the Secretary must be stamped "CANCELLED" on the face thereof together with the date of cancellation, and must be immediately attached to the corresponding stub in the stock book.

Section 4. New certificates of stock in lieu of those which have been lost or destroyed may be issued provided the owner of said certificates of stock, or his legal representative, shall file an affidavit, in triplicate, setting forth the circumstances under which said certificates have been lost or destroyed, the number of shares represented bv each certificate and the numbers of the certificates. The petitioner shall also submit such other information and evidence which he may deem convenient and necessary.

After verifying the affidavit and other information and evidence of the applicant with the books of the corporation, said corporation shall publish a notice of said loss in a newspaper of general circulation in the Philippines published in Manila, once a week for three consecutive weeks, at the expense of the petitioner. The notice shall state the name of the corporation, the name of the registered owner, the number of the certificates, and the number of shares represented by each certificate. After the expiration of one year from the date of the last publication, if no claim has been presented to said corporation regarding said certificates of stock, the right to make such claim shall be barred and said corporation shall cancel in its books the certificates of stock which have been lost or destroyed, issuing in lieu thereof new certificates of stock. If the registered owner files a bond satisfactory to the Board of Directors, running for a period of one year to indemnify the corporation during said period, of any loss or damages which it may incur for the issuance of the new certificates, the new certificates may be issued even before the expiration of the one-year period provided herein. Provided, however, that if a claim has been presented to the corporation or, if an action is pending in Court, regarding the ownership of said certificates of stock, the issuance of the new certificates of stock in lieu thereof shall be suspended until final adjudication by the Court regarding the ownership of the said certificates.

Section 5 The stock and transfer books of the corporation shall be closed for transfer at least twenty (20) days next preceding the Annual Meeting of Stockholders.

ARTICLE II

FUNDS OF THE CORPORATION

The funds of the Corporation shall be deposited in its name in such banks or credit institutions designated by the Board of Directors, with the exception of a small amount to be determined by the Board, which amount can be placed in the safe box of the Corporation.

ARTICLE III

MEETINGS

Section 1. The annual meeting of stockholders, legally constituted, represent the entire stockholdings and any resolutions adopted at such meetings are binding upon all stockholders present or absent.

Section 2. The meetings of stockholders shall be ordinary or extraordinary and held in the principal offices of the Corporation or in such place as may be designated by the Board within Metro Manila. Unless a different date and time preferably in April is fixed by the Board of Directors and only upon due notice, the annual meeting of stockholders shall be held at 10:00 o'clock in the morning on the THIRD WEDNESDAY OF OPRIL OF EACH YEAR, if not a legal holiday, and if a legal holiday, then on the day following. The special meeting of stockholders may be held at any time whenever so called by the Board of Directors or the Chairman and Chief Executive Officer.

Section 3. Notices of ordinary stockholders meeting shall be sent to stockholders or record at least fifteen (15) business days prior to the scheduled annual stockholders meeting. Notices for special meetings shall be mailed and deposited in any post office in Metro Manila addressed to each stockholder at his/her address registered in the Stock and Transfer Books of the Corporation at least fifteen (15) business days prior to the date of the meeting. The notice shall state the business to be discussed at the meeting and any other matters not stated therein shall not be touched upon. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 4. The meetings of stockholders, ordinary and extraordinary, duly called, shall be constituted and the minutes recorded, provided that more than one-half of the outstanding stock must be present or represented except in cases in which the Corporation Law requires a higher majority. If no quorum is constituted, the meeting shall be adjourned until the requisite number of stockholders shall be present. When the meeting of stockholders is adjourned to another time or place, it shall not be necessary to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

Section 5. For the election of Directors it shall be necessary that one-half plus one of all shares subscribed be present or represented.

Section 6. Any stockholder with the right to vote may be represented by proxy at any stockholders' meeting, ordinary or extraordinary. The proxies shall be in writing and signed, with no other formality required. The proxies for the ordinary meetings shall be filed with the Corporate Secretary not less than ten (10) working days prior to the date of such meeting, otherwise the proxies will be invalid. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000.)*

The Board of Directors shall set the date for validation of proxies which shall not be less than five (5) days prior to the scheduled annual stockholders meeting.

Section 7. Each share of stock, provided each share is fully paid for, is entitled to one vote in the name of the person recorded in the Stock Book of the Corporation.

Section 8. The election of directors must be made in accordance with law and every stockholder entitled to vote such number of shares for as many persons as there are directors or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit;

provided, that the total number of votes cast by him shall not exceed the number of shares owned by him.

Section 9. In the annual meeting of stockholders, a board of SEVEN (7) directors shall be elected who will hold their offices for the ensuing term and until their successors are duly elected and qualified. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

ARTICLE IV

BOARD OF DIRECTORS

Section 1. The corporate powers, business and property of the Corporation shall be exercised, conducted and controlled by the Board of SEVEN (7) Directors who shall be elected annually by the stockholders for a term of one (1) year and shall serve until the election and acceptance of their qualified successors. *(As amended by the Board on February 15, 2000; by the Stockholders on April 19, 2000 and as further amended by the Board of Directors on March 6, 2007 and by the Stockholders on April 16, 2007 .)*

Without prejudice to the general powers hereinabove conferred, the Board of Directors shall have the following express powers:

a. From time to time to make and change rules and regulations not consistent with the by-laws for the management of the Company's business and affairs;

b. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

c. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stock, bond, debentures or other securities of the Company;

d. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided that, as hereinafter provided, the proper officers of the Company shall have these powers, unless expressly limited by the Board of Directors;

e. To prosecute, maintain, defend, compromise or abandon any law suit in which the Corporation or its officers are either Plaintiffs or Defendants in connection with the business of the Corporation, and likewise, to grant installments for the payments or settlement of whatsoever debts are payable to the Corporation;

f. To delegate, from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to sub-delegate), and upon such terms, as may be deemed fit; and

g. To dissolve doubts as to the meaning of these by-laws and supply the omissions thereof, and giving an account to the General Meeting of the same.

Section 2. No persons shall be elected director unless he has at lest twenty thousand shares of the capital stock of the Corporation registered in his name.

Section 3. In addition to the right of the Board of Directors to make nominations for the election of directors, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors if that shareholder complies with all of the following provisions:

a. Nominations shall be received by the Chairman of the Board of Directors (which nominations may be sent to such Chairman in care of the Secretary of the Corporation), on March 1 of every year or at such earlier or later date as the Board of Directors may fix.

b. Each nomination under the preceding paragraph shall set forth (i) the name, age, business address and, if known, residence address of each nominee, (ii) the principal occupation or employment of each such nominee, (iii) the number of shares of stock of the Corporation which are beneficially owned by each such nominee, and (iv) the interests and positions held by each nominee in other corporation. In addition, the shareholder making such nomination shall promptly provide any other information reasonably requested by the Corporation.

c. The Board, by a majority vote unless a greater majority is required under these By-Laws, may, in its discretion, determine and declare that a nomination was not made in accordance with the foregoing procedures, and/or that a nominee is disqualified for election as Director and if the Board should so determine, the defective nomination and the nomination of a disqualified person shall be disregarded.

Section 4. A director shall be qualified to hold office only upon pledging the twenty thousand shares registered in his name to the Corporation to answer for his conduct. If any vacancy shall occur among the directors by death, resignation or otherwise, the remaining directors, by affirmative vote of a majority thereof, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election of the new board of directors.

Section 5. Regular meetings of the Board of Directors shall be held once every quarter of the year in the office of the Corporation on such dates and at such times as the Chairman of the Board and Chief Executive Officer, or in his absence, the President and Chief Operating Officer may determine. Special meetings of the Board and Chief Executive Officer, or in his absence, of the President and Chief Operating Officer, or upon the request of a majority of the directors.

Section 6. Notice of the regular or special meetings of the Board shall be communicated by the Secretary to each director, verbally or in writing at his residence or usual place of business at least twenty-four (24) hours before the meeting.

Section 7. A majority of the entire membership of the Board shall constitute a quorum for the transaction of any business, and the decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act.

A written resolution signed by all the directors shall be binding and valid as if the same had been taken up by the Board in a meeting duly called.

ARTICLE V

EXECUTIVE COMMITTEE

The Board of Directors shall create an Executive Committee composed of five (5) members. The Executive Committee shall meet regularly at such times and places to be determined by a majority vote thereof. Unless otherwise provided for by the Board of Directors, the Executive Committee shall be composed of the Chairman and Chief Executive Officer, the Vice Chairman, the President and Chief Operating Officer, and two (2) officers or directors of the Company to be appointed by the Chairman. The Chairman and Chief Executive Officer of the Company shall act as Chairman of the Executive Committee.

The Executive Committee may act by majority vote of all of its members, on matters within the competence of the Board, except as specifically limited by law or by the Board of Directors. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

All actions of the Executive Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board, provided that no rights of third parties arising out of acts approved by the Executive Committee and within its scope of authority shall be affected by such revision or alteration.

Regular minutes of the proceedings of the Committee shall be kept in a book provided for that purpose. Vacancies in the Committee may be filled by the Board of Directors, provided that the parties agree to vote their shares, instruct their directors (to the extent permitted by law), or otherwise exercise their rights as stockholders so as to elect a person nominated by the party that nominated the member whose death, resignation or removal from office caused the vacancy.

Three (3) out of the five (5) members of the Executive Committee shall be necessary to constitute a quorum, and in every case the affirmative vote of the three members shall be necessary for the passage of any resolution. The Executive Committee may act by the written resolution of a quorum thereof, although not formally convened. It shall fix its own rules of procedure and shall meet as provided by such resolution or by resolution of the Board, and shall also meet at the call of its Chairman.

The Board of Directors shall fix the compensation of the members of the Executive Committee.

ARTICLE VI

OFFICERS

Section 1. The officers of the Corporation shall consist of a Chairman of the Board, who shall be the Chief Executive Officer, a Vice Chairman of the Board, a President, who shall be the Chief Operating Officer, an Executive Vice President, one or more Vice Presidents, a Treasurer and an Assistant Treasurer, a Secretary and an Assistant Secretary and such other officers as may, from time to time, be chosen and appointed by the Board of Directors.

Section 2. The Chairman of the Board and Chief Executive Officer of the Corporation shall have the following powers and duties:

a. To preside at the meetings of the Board of Directors and of the Stockholders;

b. To carry out the resolutions of the Board of Directors;

c. To initiate and develop corporate objectives and policies and formulate long range projects, plans and programs for the approval of the Board of Directors;

d. To have general supervision and administration of the affairs of the Corporation;

e. To represent the Corporation at all functions and proceedings and, unless otherwise directed by the Board , to attend and/or vote, (in person or by proxy) at any meeting of shareholders of corporations in which the Corporation may hold stock and at any such meeting, to exercise any and all the rights and powers incident to the ownership of such stock which the owner thereof might possess or exercise if present. *(As amended by the Board on 2-15-00; by the stockholders on 4-19-00)*

f. To execute on behalf of the Corporation all contracts, agreements and other instruments affecting the interests of the Corporation which required the approval of the Board of Directors, except as otherwise directed by the Board of

Directors;

g. To make reports to the Directors and Stockholders;

h. To sign certificates of stock; and

i. To perform such other duties as are incident to his office or are entrusted to him by the Board of Directors.

Section 3. The Vice Chairman shall exercise the functions of the Chairman and Chief Executive Officer as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer, and shall perform such other functions as the Board of Directors or the Chairman and Chief Executive Officer may from time to time entrust or delegate to him. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The President and Chief Operating Officer shall exercise the following functions:

a. To ensure that the administration and operational policies of the Corporation are carried out under the direction and control of the Chairman of the Board and Chief Executive Officer;

b. To supervise and direct the day-to-day business affairs of the Corporation;

c. To recommend to the Chairman of the Board and Chief Executive Officer specific projects for the attainment of corporate objectives and policies;

d. Subject to guidelines prescribed by law or by the Chairman of the Board and Chief Executive Officer, to appoint, remove, suspend or discipline employees of the Corporation, prescribe their duties, determine their salaries;

e. To oversee the preparation of the budgets and the statements of accounts of the Corporation;

f. To prepare such statements and reports of the Corporation as may be required by law;

g. To exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer may from time to time assign to him;

h. Unless otherwise directed by the Board of Directors or by the Chairman of the Board and Chief Executive Officer, to exercise the latter's functions as specified in the next preceding section of this Article VI in the event of absence or temporary disability of the Chairman of the Board and Chief Executive Officer and the Vice Chairman of the Board.

Section 5. The Executive Vice President – In the absence or disability of the President and Chief Operating Officer, the Executive Vice President shall act in his place, exercise his powers and perform his duties pursuant to these By-Laws. The Executive Vice President shall also exercise such powers and perform such duties as the Chairman of the Board and Chief Executive Officer or the President and Chief Operating Officer may assign.

Section 6. The Vice Presidents shall have such powers and shall perform such duties as may from time to time be assigned to them by the Chairman of the Board and Chief Executive Officer or by the President and Chief Operating Officer. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 7. The Secretary shall issue notices of all meetings; shall keep their minutes; shall have charge of the seal and the corporate books; shall sign with the Chairman of the Board and Chief Executive Officer or with the President and Chief Operating Officer the certificates of stock and such other instruments as may require such signature; shall act as the inspector at the election of directors and other voting by stockholders, and as such, determine the number of shares of stock outstanding and entitled to vote, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote; and shall make such reports and perform such other duties as are incident to his office or are properly required of him by the Board of Directors. The Secretary may assign the exercise or performance of his duty to act as election inspector and all duties related thereto, including the tabulation of votes and the proper conduct of the election or vote, to any other person or persons, subject always to his supervision and control. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 8. In the absence of the Secretary, the Assistant Secretary shall act in his place and perform his duties. The Assistant Secretary shall also perform such other duties as may, from time to time, be assigned by the President and Chief Operating Officer.

Section 9. The Treasurer shall have the custody of all moneys, securities and values of the Corporation which come into his possession, and shall keep regular books of account. He shall deposit said moneys, securities and values of the Corporation in such banking institutions, as may be designated from time to time by the Board of Directors, subject to withdrawal therefrom only upon the checks or other written demands of the Corporation which have been signed by such officer or officers, or person or persons as the Board of Directors may from time to time direct.

Section 10. Assistant Treasurer – In the absence of the Treasurer, the Assistant Treasurer shall act in his place and perform his duties. The Assistant Treasurer shall also perform such other duties as may from time to time be assigned to him by the President and

Chief Operating Officer.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify every director, officer or member of the Board, his heirs, executors and administrators against all costs and expenses reasonably incurred by such person in connection with any civil, criminal, administrative or investigative action, suit or proceeding to which he may be, or is, made a party by reason of his being or having been a director, officer or member of the Board of the Corporation, except in relation to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct.

In the event of a settlement or compromise, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified did not commit such a breach of duty.

The costs and expenses incurred in defending the aforementioned action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding as authorized in the manner provided for in the preceding paragraph upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article.

ARTICLE VIII

AUDIT OF BOOKS

Section 1. In any ordinary meeting of stockholders to be held, a firm of Certified Public Accountants shall be appointed by the stockholders to examine the books of accounts of the Corporation, until said appointment has been revoked in another ordinary meeting of stockholders.

Section 2. The duties of the Auditor shall be to examine the books of ac counts of the Corporation when he may deem convenient. Such audits shall be made at least once every year and he shall issue his report on the annual balance sheets, which report shall be published together with the balance sheets. To this effect, the Auditor shall be allowed free access at any time to any and all books, documents and files of the Corporation concerning the status of the treasury.

Section 3. A copy of the audited financial statements of the Corporation shall be deposited in the offices of the Corporation at least fifteen (15) business days prior to the date of the annual meeting and shall be at the deposit of the shareholders for approval. *As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

Section 4. The Board of Directors from time to time shall determine the remuneration of the Auditors; however, this power may be delegated to a Vice President or an Assistant Vice President.

Section 5. The fiscal year of the Corporation shall begin the first day of January and shall end on the last day of December of each year. *(As amended by the Board on 2-15-00; by the Stockholders on 4-19-00)*

ARTICLE IX

DISTRIBUTABLE FUNDS AND DISSOLUTION OF THE CORPORATION

Section 1. The Board of Directors may declare, from time to time, as partial dividends to the holder of stock, whichsoever funds of the Corporation the Board may deem not necessary for the carrying out of the purposes of the Corporation.

Section 2. The remuneration of the Board of Directors cannot be increased in the future without the approval, through a resolution, by the stockholders representing at lest a majority of the capital stock.

Section 3. Upon the expiration of the term of this Corporation if no agreement has been made regarding its extension, or, in case of dissolution, for any reason, the Board of Directors may perform the functions of liquidator and the applicable part of these by-laws shall continue in force and effect for the purpose and for the duration of such liquidation.

ARTICLE X

MISCELLANEOUS AND TRANSITORY PROVISIONS

Section 1. The Corporate Seal of the Corporation shall be circular in form and inscribed on its margin the name of the Corporation and the words “Makati, Rizal, Philippines” and within the circle, the words “Incorporated 1930”; and said seal shall, for the present, be adopted as seal of the Corporation.

Section 2. These By-Laws may be repealed, amended or revised at any special meeting of the Board of Directors called for the purpose when two-thirds of the members are present. Such amendments, revisions, repeals are to be presented to the stockholders for ratification at the Annual Stockholders’ Meeting immediately following such special meeting of the Board of Directors. Acts done by the Board pursuant to such amendments, repeals or revisions shall, unless and until expressly further amended or repealed by the stockholders, be deemed valid and shall bind the Corporation to all intents and purposes.

Section 3. These By-Laws shall be effective from this date, February 5, 1930, on which they were approved.

STOCKHOLDERS' CERTIFICATE

The undersigned stockholders of "Sorox y Cia", representing more than two-thirds (2/3) of the capital stock issued by the Corporation, for these presents, certify that the foregoing By-Laws and Regulations of the Corporation was adopted by unanimous vote of all stockholders at the Special Meeting of Stockholders held on February 5, 1930 called for this purpose.

IN WITNESS WHEREOF, we have signed these presents this 5th day of February 1930, setting forth opposite our names the corresponding shares owned by each of the undersigned:

(SGD.) A. SORIANO	185 Shares
(MARGARITA ROXAS VDA. DE SORIANO) p.p. (SGD.) A. SORIANO	10 Shares
(SGD.) FRANCISCO ORTIGAS	1 Share
(SGD.) JOHN R. SCHULTZ	1 Share
(SGD.) BENITO RAZON	1 Share
(SGD.) C. A. SOMBRAL	1 Share

DIRECTORS' CERTIFICATE

Manila, February 5, 1930

We the undersigned, a majority of the members of the Board of Directors of "Sorox y Cia", do hereby certify that the preceding typewritten pages constitute the By-Laws of the Corporation, as adopted by unanimous vote of all stockholders present, represented by more than two-thirds (2/3) of the total subscribed and paid-up capital stock of the Corporation in the Annual Meeting of Stockholders held on February 5, 1930 and called for that purpose.

SGD.) A. SORIANO

(SGD.) FRANCISCO ORTIGAS

(SGD.) JOHN R. SCHULTZ

(SGD.) BENITO RAZON

ATTEST:

(SGD.) BENITO RAZON
Secretary

2021 annual report

A.SORIANO CORPORATION

Contents

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, 2021.

Chairman's Message

ANDRES SORIANO III
Chairman

> **Anscor remained vigilant and was able to successfully weather difficulties.**

We began 2021 hoping that the pandemic would be contained and that conditions would improve. However, we were forced to confront the rise of two new COVID-19 variants. Anscor remained vigilant and cautious throughout and, through our collective efforts, your Company was able to successfully weather difficulties. And for that, the Board of Directors and I thank everyone.

THE 2021 PHILIPPINE ECONOMIC PICTURE

Gross Domestic Product increased by 5.6% in 2021 as compared to a contraction in the previous year. Growth in household consumption, partially driven by e-commerce, was registered during the year. Government infrastructure spending remained high, and both imports and exports posted sizable growth.

Information and communication led the services sector as a result of increased internet demand from both consumers and the private sector. OFW remittances were higher in 2021, despite the worldwide lingering effects of COVID-19.

Not surprisingly, spending on transport, recreation, restaurants and hotels remained below pre-pandemic levels.

THE COMPANY'S FINANCIAL PERFORMANCE IN 2021

Anscor registered a net income of ₱2.5 billion in 2021, a significant improvement from the ₱165.6 million net profit posted in 2020.

Despite the challenges, Phelps Dodge Philippines Energy Products Corporation generated a record net profit of ₱909.9 million, and Seven Seas Resorts and Leisure, Inc. reported a net income of ₱77.7 million.

The Philippine Stock Exchange Index ended the year on par with last year's level. Nevertheless, Anscor's domestic investment portfolio generated a gain of ₱1.8 billion, driven by a 62% increase in market value of the International Container Terminal Services, Inc. Overall, Fair Value through Profit and Loss investments gained ₱1.1 billion for the year, from a loss of ₱76.0 million for 2020.

Higher dividend income, foreign exchange gains and equity in net earnings were registered during the year. The prospects for our investments in domestic and foreign private equities remain strong.

Anscor paid a total cash dividend of ₱0.75 per share in 2021: ₱0.50 per share on April 14, 2021, and ₱0.25 per share on December 27, 2021. The Company's book value per share increased from ₱15.23 to ₱16.67 as of December 31, 2021.

With the easing of pandemic restrictions and strong company profits, we expect that the economy will continue to improve in 2022.

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC.(PDP)

The year 2021 started with optimism that the effects of COVID-19 on public health and the economy would be resolved as vaccines arrived. As such, PDP saw a resurgence of orders in the first quarter of 2021 as customers rushed to complete their delayed projects and to begin new ones.

With infection rates increasing again and another lockdown imposed at the start of the third quarter, business slowed, affecting the company's growth trajectory for the year.

Despite the slowdown in the second half, the business-to-business segment continued to be strong. Our vision to provide the best solutions to meet the electrical requirements of customers included new innovative products that help clients to reduce costs and a fast response system to meet their needs.

PDP continues to provide the best solutions to meet the requirements of its customers. PDP had a record profit of ₱909.9 million in 2021.

The company's focus on the communication and energy sector were rewarded with a large increase in orders, offsetting the slowdown in the commercial sector.

PDP's retail side saw a reduced demand. Sales were higher than last year but were below expectations. Many small and medium projects were put on hold due to the sudden surge in copper prices and the rise in construction material costs.

The company faced multiple challenges throughout the year. The worldwide supply disruption delayed delivery of materials to some customers. To solve this, the company increased its purchase of copper and other critical materials and parts. Though higher metal costs increased PDP's working capital requirements, the company's strong balance sheet enabled it to meet its needs.

COVID-19 infections rose in the third quarter, affecting PDP's workforce and challenging the scheduling process and to their credit, they were able to rise to the challenge.

While sales were marginally higher in 2021, and below pre-pandemic levels, higher metal costs and selling prices enabled the company to post profits of ₱909.9 million.

To prepare for the economy's return to pre-pandemic levels in the second half of 2022 or in early 2023, the company continued to expand its production capacity and infrastructure, increase its investments in promotion and marketing activities, and enable critical management development.

We will continue to ensure the safety and wellness of our workforce through the consistent implementation of our strict health and safety protocols to minimize if not totally eliminate work disruptions due to the pandemic and accidents.

PDP's commitment to sustainability will continue with programs designed to lower power costs and production waste, increase efficient materials' use, plant trees around the factory and participate actively in the Andres Soriano Foundation's environmental projects.

PDP looks forward to another fruitful year in 2022.

SEVEN SEAS RESORTS AND LEISURE, INC. (owner of Amanpulo)

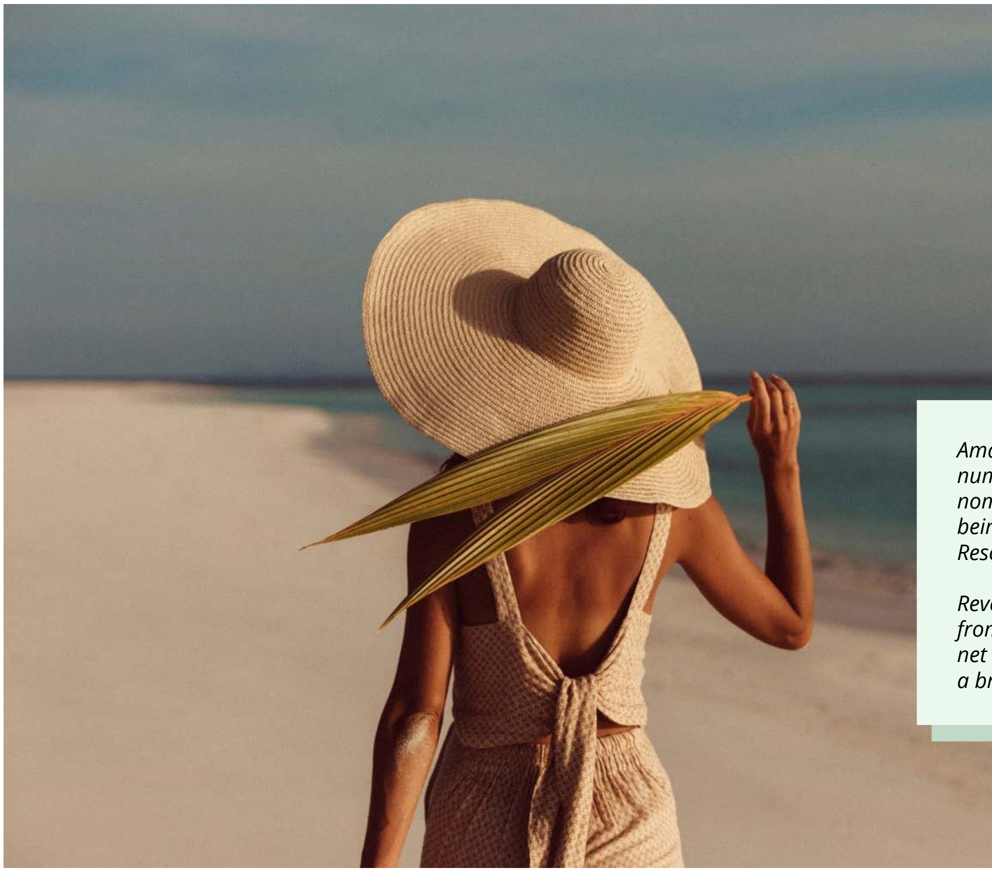
Amanpulo continued to gain momentum in the domestic market through its partnerships, new product offerings, and absolute focus on health and safety of guests, team members, and communities. Occupancy improved from 36.9% to 40.0%. In 2021, revenues reached ₱836.1 million from ₱646.3 million, and consolidated net income rose to ₱77.7 million from a break even in 2020.

A webpage for local offers was launched, supported by sustained social media advertisements and direct mail campaigns. The Resort has become a favorite venue for weddings.

The company began constructing five new premium beach pool casitas that will expand the Resort's product offering.

Amanpulo was officially certified for ISO 22000:2018 FMS, a globally recognized food safety standard, and is one of just six hotels in the Philippines to achieve this feat.

Amanpulo's Marine Conservation Program reached its targeted hatchlings for the year, increased coral rejuvenation and saw the area's fish population rise. The island will continue with its commitment to the sustainability of its surrounding sea and island communities.



Amanpulo continues to receive numerous international awards, nominations, and citations, including being Asia's Leading Private Island Resort.

Revenues increased to ₱836.1 million from ₱646.3 million and consolidated net income rose to ₱77.7 million from a break even in 2020.

Amanpulo received the citation as the "Best Ever Hotel Worldwide" in the January 2021 edition of the Gallivanter's Guide while Destination Deluxe Magazine awarded Amanpulo third place as the "Private Island of the Year."

World Travel Awards named the Resort "Asia's Leading Private Island Resort 2021," the "Philippines' Leading Luxury Hotel Villa 2021" and the "Philippines' Leading Private Island Resort 2021." For the second consecutive year, Amanpulo won as the "Philippines' Best Resort Spa 2021" in the World Spa Awards.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM performed strongly in 2021 as its assets under management (AUM) increased to ₱174.0 billion, a 33% growth from the previous year. The increase in AUM was attributed to positive net fund inflows of ₱30.0 billion, driven by strong client interest in global fund products. ATRAM Group's revenues jumped by 57% to ₱727.0 million in 2021 from ₱463.0 million in 2020.

ATRAM, in collaboration with its affiliate Seedbox, launched four new funds on GCash through GInvest, the investment platform that gives Filipinos access to fund products for low investment amounts. Through this collaboration, ATRAM's retail client base increased to over one million active investors at the end of 2021.

The company raised brand awareness and launched digital marketing initiatives by holding the Finspire Summit, one of the largest online investment conferences in the Philippines.

The Asian Investor awarded ATRAM as the "Best Local Fund House in the Philippines" for 2021, its fourth award of this kind in the last seven years. The company was recognized as the "Fastest Growing Fund Management Company" in the 2021 Global Banking and Finance Awards and received the "Most Innovative Mutual Fund Offerings" award from The Global Economics Awards 2021.

ATRAM continued to target its digital transformation. System upgrades and application development began in 2021. These are ready to extend its reach through various contact channels with a wide selection of investment solutions and an enhanced digital experience.

KSA REALTY CORPORATION (owner of The Enterprise Center)

Office leasing in the Philippines shrunk amid the COVID-19 pandemic, the extension of the work-from-home setup in many companies and the uncertainties posed by upcoming elections.

After careful review, some concessions were granted to tenants of The Enterprise Center (TEC) who sustained losses due to their inability to operate at optimal rates.

TEC's average effective rent increased from ₱1,502 per sq.m. in 2020 to ₱1,539 per sq.m. in 2021. Despite this, operating income decreased in 2021 as average occupancy during the year fell to 80%, as compared to last year's 95%. Net income stood at ₱1.3 billion.

KSA declared ₱1.3 billion in dividends in 2021, of which ₱185.6 million was paid to Anscor.

STARTUP AND PRIVATE EQUITY VENTURES

A portion of the Company's assets is dedicated to private equity funds and early-stage opportunities.

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

Y-mAbs has an 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 and a second approval is expected in 2022. After performing extremely well in 2020, Y-mAbs stock price fell dramatically in 2021, along with the wider biotech sector.

The Company invested US$5.0 million in ***Macquarie ASEAN Technology Investments Holdings II LP*** in 2018, 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 a leading market share in seven countries, including the Philippines.

Despite the decline in average occupancy, net income stood at ₱1.3 billion, ₱185.6 million cash dividend was paid to Anscor.

Greot Deols (e-commerce) and XDE (logistics) ore investmens of Anscor through the privote equity funds.

In December 2021, Grab was listed on the Nasdaq via a special purpose vehicle. At the end of December 2021, Anscor reported an increase in value of this investment of ₱129.5 million.

Anscor has committed US$20.0 million to ***Navegar I LP, Navegar II LP*** and ***Sierra Madre Philippines I LP***, three Philippine-focused private equity funds. Investments are diversified across e-commerce, business process outsourcing, information technology, casual dining, logistics, and education.

In March 2021, Anscor committed US$6.0 million to ***Asia Partners I LP***, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia.

CORPORATE SOCIAL RESPONSIBILITY

The Andres Soriano Foundation (ASF) rolled out successful information campaigns in island communities that it serves, helping to counter vaccine resistance and misinformation, and donating vaccines to achieve 70% herd immunity in Cuyo and Agutaya in Palawan by mid-2022. It also supplemented the vaccination program of the local government unit (LGU) by delivering additional vaccines to the community in Manamoc.

Over ₱1.5 million was received from the Anscor Group, partners and donors that provided food packs, vitamins and other medications, antigen kits and gallons of alcohol especially during lockdowns.

SMALL ISLAND SUSTAINABLE PROGRAM

Health

The pandemic drastically affected community health.

Most affected were children from two to five years old who had a high malnutrition prevalence rate. The nutrition program's Supplementary Feeding resulted in 46% recovery, bringing the children back to normal weight, and improving nutritional status by 50% among those severely underweight.

The "First 1,000 Days of a Child" project was expanded to two more island barangays. Direct beneficiaries increased from 10 to 53 for maternal nutrition through supplemental food, proper pre-natal care, health information and post-natal care and nutrition. Pre- and post-natal services provided by health center midwives are supported by health information accessed in the Safe Delivery App.

Education
The ASF Adopt-A-School program, funds the annual repair and maintenance and the additional equipment for the Cookery Laboratory of Manamoc National High School in Palawan. The facility enables senior high school learners to meet their practicum requirements during the pandemic.

In addition to ten technical-vocational scholar-graduates, four more graduates are now regular employees of companies where they had their on-the-job training. Two academic college scholars are completing their fourth year while a third scholar is in third year.

Livelihood
On-and-off lockdowns affected the livelihood of fishers and farmers in the islands.

Sales of local products to the resort became irregular. Aggregate sales of pork, chicken, fresh eggs, vegetables, and pandan native products dipped to ₱2.3 million compared to last year's ₱3.1 million. This led the Manamoc Marketing Cooperative to establish small market linkages with surrounding communities, resulting in sales of ₱1.1 million.

ASF continues to undertake community-development programs for small island communities in northeastern Palawan.

ASF received an in-kind donation of a ₱930,000 hat-blocking machine from the Department of Trade and Industry Region 4-B for women to produce iron-pressed buri beach hats that are sold to the Resort.

Environment
Protection and conservation of the marine environment are foremost in the Foundation's development agenda. Live coral cover improved and the variety of fishes increased their presence in nine Marine Protected Areas of ASF partner-communities.

Pandan weaving, one of the livelihood projects introduced to the small island communities by ASF.

The study conducted in early 2021 shows a remarkable 66% increase in fish catch observed by fisher folk from 2012 to 2021, attributed to the sustained management of Marine Protected Areas. Seventy percent of fisher-respondents declared that fishing is a highly sustainable livelihood activity that supports most of their basic needs. This shows that environmental protection has direct tangible benefits to community members.

Planted along the shorelines of six island communities were 12,750 mangrove seedlings as part of coastal resource management.

In partnership with the Foundation, the Department of Science and Technology Region 4-B donated a plastic waste shredder and densifier machines to deal with and to repurpose plastic wastes.

CANCER CARE PROGRAM

A partnership with six pharmaceutical companies supports eight medical fellows of Medical Oncology in UP-PGH.

With its commitment to support indigent patients with Stage 2 breast cancer, ASF released its annual support of ₱200,000 to the Cancer Institute for chemotherapy maintenance medicines of 53 breast cancer patients enrolled in the program.

In partnership with Philam Foundation and in addition to eight units turned over last year, ASF donated seven more units of brand new laptops for online medical consultation at the Cancer Institute.

DISASTER RELIEF ASSISTANCE

The devastating effects of Typhoon Odette that rampaged through several regions in the country a week before Christmas, severely affected communities.

The Foundation supported relief operations of the parish in Nueva Valencia, Guimaras Province where coastal areas were affected by storm surges, and the province of Palawan particularly its capital city of Puerto Princesa and the town of Roxas.

ASF also provided funding assistance to several Anscor Group employees and their families who lost their houses and livelihood.

OUTLOOK

Anscor has adapted to the times of the pandemic and there is a growing optimism that a real recovery has begun, with many economists projecting growth in the mid-single digits. Higher vaccination rates, the transition to a new national dispensation in mid-2022 and expected stimulus of the economy, all bode well for the future.

The fundamentals of each Anscor subsidiary will continue to see it through in 2022. PDP will benefit from a recovery in growth, Amanpulo expects to welcome back foreign guests very soon, and a return to in-person work augurs well for occupancy in The Enterprise Center.

Our balanced portfolio of operating and financial assets, liquidity and efficient operations will continue to reward shareholders with steady income. The health and safety of employees, customers and partners will of course remain foremost in our minds.

ACKNOWLEDGMENT

I am confident that together, we will persevere, and with the leadership of our Board of Directors and Management, the support of our employees, the trust of our shareholders, and the partnerships we continue to build with our stakeholders, we can look forward to the year ahead.

My sincere thanks to you all for your steady support and trust.

Keep well and stay safe.

Financial Highlights

(In Million Pesos Except for Ratios and Per Share Data)

CONSOLIDATED FOR THE YEAR	2021	2020	2019
Revenues and net investment gains	**11,354.1**	6,883.7	10,695.4
Sale of goods	**8,751.7**	6,448.2	8,208.4
Services	**1,013.5**	767.6	1,342.4
Gain (loss) on increase (decrease) in market values of fair value through profit or loss investments	**1,124.1**	(76.5)	1,151.8
Dividend income	**399.4**	259.1	373.6
Interest income	**53.5**	82.2	124.5
Equity in net earnings (losses) of associates and impairment loss	**11.4**	(598.0)	(517.1)
Gain on sale of fair value through other comprehensive income investments	**0.5**	1.2	11.9
NET INCOME*	**2,504.1**	165.6	1,843.6
EARNINGS PER SHARE**	**2.04**	0.13	1.53

CONSOLIDATED AT YEAR-END	2021	2020	2019
Total Assets	**23,625.0**	21,602.3	23,112.4
Equity Attributable to Equity Holders of the Parent	**20,460.6**	18,695.6	19,943.1
Investment Portfolio	**13,834.5**	12,251.4	14,289.3
Current Ratio	**9.64**	10.03	9.82
Debt to Equity Ratio***	**0.13**	0.13	0.13
Book Value Per Share****	**16.67**	15.23	15.95

* *Attributable to equity holders of the Parent.*
** *Based on weighted average number of shares of 1,227.6 million in 2021, 1,242.0 million in 2020 and 1,208.0 million in 2019.*
*** *Computed using the equity attributable to equity holders of the Parent.*
**** *Based on outstanding shares of 1,227.6 million, 1,227.6 million and 1,250.1 million as of December 31, 2021, 2020 and 2019, respectively.*

Five-Year Review

(In Million Pesos Except Per Share Data)

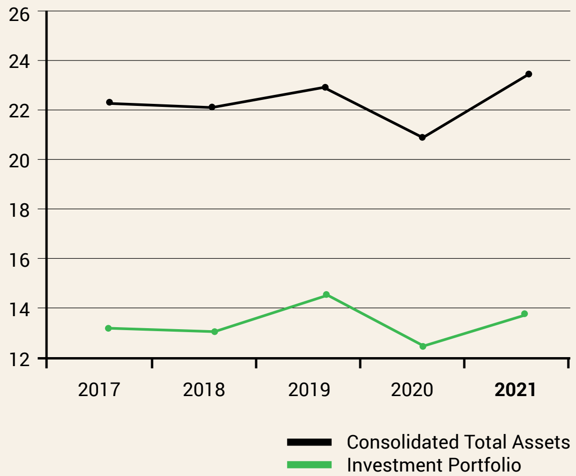
	2021	2020	2019	2018	2017
Net Income Attributable to Equity Holders of the Parent	**2,504.1**	165.6	1,843.6	808.4	2,547.5
Equity Attributable to Equity Holders of the Parent	**20,460.6**	18,695.6	19,943.1	18,575.9	18,332.5
Weighted Average Number of Shares Outstanding	**1,227.6**	1,242.0	1,208.0.	1,215.5	1,224.2
Earnings Per Share*	**2.04**	0.13	1.53	0.67	2.08
Book Value Per Share**	**16.67**	15.23	15.95	15.33	15.06

	2021	2020	2019	2018	2017
Revenues and Net Investment Gains	**11,354.1**	6,883.7	10,695.4	9,781.0	10,584.6
Total Assets	**23,625.0**	21,602.3	23,112.4	22,290.0	22,346.2
Investment Portfolio	**13,834.5**	12,251.4	14,289.3	13,253.7	13,339.1

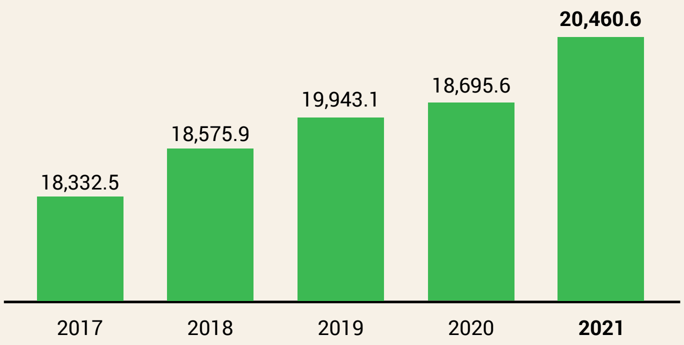
* *Ratio of net income attributable to equity holders of the Parent to weighted average number of shares outstanding during the year.*

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

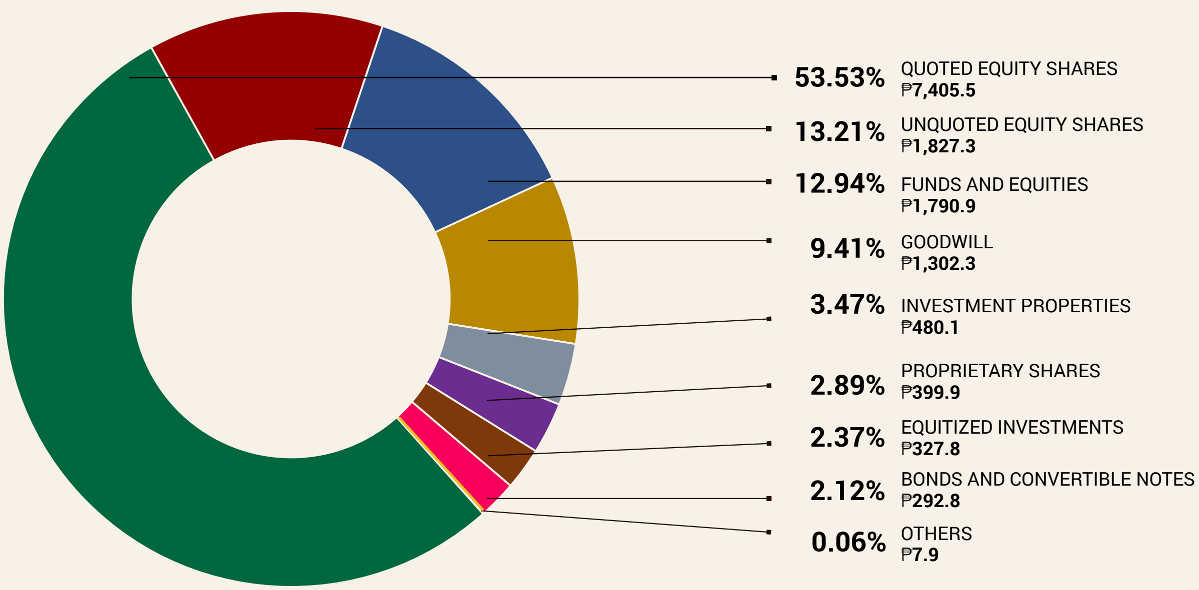
CONSOLIDATED TOTAL ASSETS & INVESTMENT PORTFOLIO
(In Billion Pesos)



EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
(In Million Pesos)



CONSOLIDATED INVESTMENT PORTFOLIO DETAILS DECEMBER 31, 2021
(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, for the years ended December 31, 2021, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 23rd day of February 2022

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY, METRO MANILA) S.S.

SUBSCRIBED AND SWORN to before me this 23rd day of February 2022, 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. 148;
Page No. 31;
Book No. XXII;
Series of 2022.

ATTY. REGINALDO L. HERNANDEZ
Notary Public for and in the City of Makati
Appointment No. M-345; Roll No. 20642
Commission expires on 12-31-22
MCLE Compliance No. VI-0008138
PTR No. 8886929; 1-28-22; Makati City
IBP No. 177887; 02-09-22; Pasig City
TIN No. 100-364-501

SGV
Building a better working world

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

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

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Recoverability of Goodwill

The goodwill arising from the acquisitions of Phelps Dodge International Philippines, Inc. and Seven Seas Resorts and Leisure, Inc. amounted to ₱1,302.3 million as at December 31, 2021 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 evaluated the valuation methodology and assumptions used by management in estimating value-in-use. 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, we performed an 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.

Valuation of Unquoted Equity Instruments

In accordance with PFRS 9, *Financial Instruments*, the Group classified its unquoted equity investments, with carrying value of ₱1,827.3 million as at December 31, 2021, 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 9 to the consolidated financial statements.

Audit Response

We evaluated the valuation techniques and inputs and other assumptions used. These assumptions include discount rate, revenue growth rate and comparable companies. In testing the discount rate, we performed independent testing of the determination of discount rate using market-based parameters. For investment valued using the income approach, we compared the revenue growth rate to the historical performance of the investment and the industry/market outlook. For investment valued under the market approach, we assessed the comparable companies used in the valuation of the investment. For private equity fund investments valued under the cost approach (adjusted net asset value method), we inspected the available financial information of the investees and evaluated whether 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, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 97133-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-098-2020,
November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

Consolidated Balance Sheets

		December 31		
		2021		2020
ASSETS				
Current Assets				
Cash and cash equivalents (Note 8)	₱	**2,729,230,396**	₱	3,091,959,345
Fair value through profit or loss (FVPL) investments (Note 9)		**11,677,813,985**		10,022,872,169
Receivables (Note 10)		**1,997,228,020**		1,935,992,841
Inventories (Note 11)		**1,625,125,201**		1,052,585,937
Prepayments		**44,807,611**		36,741,212
Other current assets		**19,535,694**		17,109,933
Total Current Assets		**18,093,740,907**		16,157,261,437
Noncurrent Assets				
FVOCI investments - net of current portion (Note 12)		**46,396,340**		94,137,422
Notes receivable (Note 27)		**297,608,131**		307,499,741
Investments and advances (Note 13)		**329,433,282**		318,329,315
Goodwill (Note 7)		**1,302,276,264**		1,302,276,264
Property and equipment (Notes 14 and 19)		**2,544,386,610**		2,480,841,422
Investment properties (Note 15)		**480,124,965**		515,702,509
Retirement plan assets - net (Note 24)		**147,141,624**		91,612,330
Deferred income tax assets - net (Note 25)		**111,523,102**		123,997,500
Right-of-use assets (Note 30)		**13,186,541**		20,721,708
Other noncurrent assets (Notes 16 and 30)		**259,156,564**		189,905,685
Total Noncurrent Assets		**5,531,233,423**		5,445,023,896
TOTAL ASSETS	₱	**23,624,974,330**	₱	21,602,285,333
LIABILITIES AND EQUITY				
Current Liabilities				
Notes payable (Note 17)	₱	**23,166,200**	₱	23,166,200
Accounts payable and accrued expenses (Note 18)		**1,110,782,433**		857,820,767
Current portion of lease liabilities (Note 30)		**9,810,744**		4,922,514
Dividends payable (Note 20)		**519,529,172**		366,069,163
Income tax payable		**138,913,467**		206,866,422
Current portion of long-term debt (Note 19)		**75,714,286**		151,428,571
Total Current Liabilities		**1,877,916,302**		1,610,273,637

(Forward)

Consolidated Balance Sheets

		December 31		
		2021		2020
Noncurrent Liabilities				
Long-term debt - net of current portion (Note 19)	₱	–	₱	75,714,286
Lease liabilities - net of current portion (Note 30)		6,789,705		19,208,263
Deferred income tax liabilities - net (Note 25)		521,283,828		468,391,756
Retirement benefits payable - net (Note 24)		48,147,054		56,895,050
Other noncurrent liabilities (Notes 16 and 30)		113,730,977		111,411,807
Total Noncurrent Liabilities		689,951,564		731,621,162
Total Liabilities		2,567,867,866		2,341,894,799
Equity Attributable to Equity Holders of the Parent (Note 20)				
Capital stock		2,505,000,000		2,500,000,000
Additional paid-in capital		1,859,383,287		1,859,383,287
Cumulative translation adjustment		226,174,184		99,260,524
Unrealized valuation gains on FVOCI investments (Note 12)		273,449		2,521,749
Remeasurement on retirement benefits (Note 24)		75,656,172		23,720,413
Retained earnings (Note 20):				
Appropriated		7,150,000,000		7,150,000,000
Unappropriated		11,299,307,145		9,715,904,450
Cost of shares held by a subsidiary (1,272,429,761 shares in 2021 and 2020) (Note 20)		(2,655,215,372)		(2,655,215,372)
		20,460,578,865		18,695,575,051
Noncontrolling Interests (Note 3)		596,527,599		564,815,483
Total Equity		21,057,106,464		19,260,390,534
TOTAL LIABILITIES AND EQUITY	₱	23,624,974,330	₱	21,602,285,333

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	**2020**	**2019**
REVENUES			
Sale of goods - net (Note 5)	₱ **8,751,666,475**	₱ 6,448,195,660	₱ 8,208,374,800
Services (Notes 5 and 30)	**1,013,453,849**	767,569,969	1,342,389,775
Dividend income (Note 9)	**399,429,444**	259,109,001	373,587,490
Interest income (Notes 8, 9, 12 and 23)	**53,534,090**	82,203,823	124,478,035
	10,218,083,858	7,557,078,453	10,048,830,100
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments - net (Notes 9 and 29)	**1,124,061,312**	(76,521,488)	1,151,784,252
Gain on sale of FVOCI investments - net (Note 12)	**532,067**	1,150,196	11,859,942
	1,124,593,379	(75,371,292)	1,163,644,194
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES (Note 13)	**11,409,604**	(598,006,474)	(517,090,062)
TOTAL	**11,354,086,841**	6,883,700,687	10,695,384,232
Cost of goods sold (Note 21)	**(7,071,619,957)**	(5,023,688,235)	(6,590,288,987)
Cost of services rendered (Note 21)	**(347,923,582)**	(268,702,449)	(447,058,842)
Operating expenses (Note 21)	**(1,091,980,471)**	(1,051,650,414)	(1,217,805,627)
Interest expense (Notes 17, 19, 23 and 30)	**(10,259,686)**	(24,411,138)	(48,364,623)
Foreign exchange gain (loss) - net	**139,150,079**	(106,404,104)	(92,967,921)
Other income (charges) - net (Notes 23 and 30)	**(53,708,290)**	51,200,190	68,852,086
INCOME BEFORE INCOME TAX	**2,917,744,934**	460,044,537	2,367,750,318
PROVISION FOR INCOME TAX (Note 25)	**380,152,014**	291,319,541	429,373,654
NET INCOME	**2,537,592,920**	168,724,996	1,938,376,664
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 12)	**(2,705,833)**	(7,732,576)	35,957,388
Income tax effect	**856,583**	2,319,773	(10,787,216)
	(1,849,250)	(5,412,803)	25,170,172

(Forward)

Consolidated Statements of Comprehensive Income

	Years Ended December 31		
	2021	2020	2019
Realized gains on FVOCI investments recognized in the consolidated profit or loss (Note 12)	(₱ 532,067)	(₱ 1,150,196)	(₱ 11,859,942)
Income tax effect	133,017	345,059	3,557,983
	(399,050)	(805,137)	(8,301,959)
	(2,248,300)	(6,217,940)	16,868,213
Cumulative translation adjustment	126,913,660	(173,987,557)	(112,264,694)
	124,665,360	(180,205,497)	(95,396,481)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) on retirement benefits (Note 24)	65,259,567	(13,097,687)	(9,304,530)
Income tax effect	(13,323,808)	3,550,622	2,718,980
	51,935,759	(9,547,065)	(6,585,550)
OTHER COMPREHENSIVE INCOME (LOSS)	176,601,119	(189,752,562)	(101,982,031)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ 2,714,194,039	(₱ 21,027,566)	₱ 1,836,394,633
Net Income Attributable to:			
Equity holders of the Parent	₱ 2,504,080,376	₱ 165,646,806	₱ 1,843,615,322
Noncontrolling interests	33,512,544	3,078,190	94,761,342
	₱ 2,537,592,920	₱ 168,724,996	₱ 1,938,376,664
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	₱ 2,680,681,495	(₱ 24,105,756)	₱ 1,741,633,291
Noncontrolling interests	33,512,544	3,078,190	94,761,342
	₱ 2,714,194,039	(₱ 21,027,566)	₱ 1,836,394,633
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent (Note 26)	₱ 2.04	₱ 0.13	₱ 1.53
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent (Note 26)	₱ 2.18	(₱ 0.02)	₱ 1.44

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 20)				
	Capital Stock	Additional Paid-in Capital	Cumulative Translation Adjustment	Unrealized Valuation Gains (Losses) on FVOCI Investments (Note 12)	Remeasurement on Retirement Benefits (Note 24)
BALANCES AT DECEMBER 31, 2018	₱ 2,500,000,000	₱ 1,605,613,566	₱ 385,512,775	(₱ 8,128,524)	₱ 39,853,028
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	(112,264,694)	16,868,213	(6,585,550)
Total comprehensive income (loss) for the year	–	–	(112,264,694)	16,868,213	(6,585,550)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 20)	–	–	–	–	–
Shares repurchased during the year (Note 20)	–	–	–	–	–
Sale of Company shares held by a subsidiary (Note 20)	–	253,769,721	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2019	2,500,000,000	1,859,383,287	273,248,081	8,739,689	33,267,478
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Total comprehensive income (loss) for the year	–	–	(173,987,557)	(6,217,940)	(9,547,065)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	–	–	–
Shares repurchased during the year (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2020	2,500,000,000	1,859,383,287	99,260,524	2,521,749	23,720,413
Net income	–	–	–	–	–
Other comprehensive income (loss)	–	–	126,913,660	(2,248,300)	51,935,759
Total comprehensive income (loss) for the year	–	–	126,913,660	(2,248,300)	51,935,759
Issuance of preferred shares	5,000,000	–	–	–	–
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	–	–	–
Movement in noncontrolling interests	–	–	–	–	–
BALANCES AT DECEMBER 31, 2021	**₱ 2,505,000,000**	**₱ 1,859,383,287**	**₱ 226,174,184**	**₱ 273,449**	**₱ 75,656,172**

See accompanying Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

	Equity Attributable to Equity Holders of the Parent (Note 20)						
		Retained Earnings		Cost of Shares			
				Held by a		Noncontrolling	
	Subtotal*	Appropriated	Unappropriated	Subsidiary	Total	Interests	Total
BALANCES AT DECEMBER 31, 2018	₱4,522,850,845	₱ 7,150,000,000	₱ 9,259,613,912	(₱ 2,356,555,826)	₱ 18,575,908,931	₱ 523,526,115	₱ 19,099,435,046
Net income	–	–	1,843,615,322	–	1,843,615,322	94,761,342	1,938,376,664
Other comprehensive income (loss)	(101,982,031)	–	–	–	(101,982,031)	–	(101,982,031)
Total comprehensive income (loss) for the year	(101,982,031)	–	1,843,615,322	–	1,741,633,291	94,761,342	1,836,394,633
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱634.6 million (Note 20)	–	–	(615,375,776)	–	(615,375,776)	–	(615,375,776)
Shares repurchased during the year (Note 20)	–	–	–	(118,975,079)	(118,975,079)	–	(118,975,079)
Sale of Company shares held by a subsidiary (Note 20)	253,769,721	–	–	106,158,723	359,928,444	–	359,928,444
Movement in noncontrolling interests	–	–	–	–	–	(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)	(189,752,532)	–	–	–	(189,752,562)	–	(189,752,562)
Total comprehensive income (loss) for the year	(189,752,562)	–	165,646,806	–	(24,105,756)	3,078,190	(21,027,566)
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱937.4 million (Note 20)	–	–	(937,595,814)	–	(937,595,814)	–	(937,595,814)
Shares repurchased during the year (Note 20)	–	–	–	(285,843,190)	(285,843,190)	–	(285,843,190)
Movement in noncontrolling interests	–	–	–	–	–	(541)	(541)
BALANCES AT DECEMBER 31, 2020	4,484,885,973	7,150,000,000	9,715,904,450	(2,655,215,372)	18,695,575,051	564,815,483	19,260,390,534
Net income	–	–	2,504,080,376	–	2,504,080,376	33,512,544	2,537,592,920
Other comprehensive income (loss)	176,601,119	–	–	–	176,604,119	–	176,601,119
Total comprehensive income (loss) for the year	176,601,119	–	2,504,080,376	–	2,680,681,495	33,512,544	2,714,194,039
Issuance of preferred shares	5,000,000	–	–	–	5,000,000	–	5,000,000
Cash dividends - net of dividends on common shares held by a subsidiary amounting to ₱954.3 million (Note 20)	–	–	(920,677,681)	–	(920,677,681)	–	(920,677,681)
Movement in noncontrolling interests	–	–	–	–	–	(1,800,428)	(1,800,426)
BALANCES AT DECEMBER 31, 2021	**₱ 4,661,487,092**	**₱ 7,150,000,000**	**₱ 11,299,307,145**	**(₱ 2,655,215,372)**	**₱ 20,460,578,865**	**₱ 596,527,599**	**₱ 21,057,106,464**

See accompanying Notes to Consolidated Financial Statements.

* *Subtotal for the numbers of the five columns appearing on page 22.*

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱ 2,917,744,934	₱ 460,044,537	₱ 2,367,750,318
Adjustments for:			
Equity in net losses (earnings) and impairment loss on investments in associates (Note 13)	(11,409,604)	598,006,474	517,090,062
Depreciation and amortization (Notes 14, 15, 21 and 30)	302,595,454	292,174,080	272,179,839
Dividend income (Note 9)	(399,429,444)	(259,109,001)	(373,587,490)
Interest income (Notes 8, 9, 12 and 23)	(53,534,090)	(82,203,823)	(124,478,035)
Loss (gain) on decrease (increase) in market values of FVPL investments - net (Note 9)	(1,124,061,312)	76,521,488	(1,151,784,252)
Impairment losses, net of recoveries (Notes 11, 13, 15 and 23)	54,543,952	64,920,658	41,752,086
Unrealized foreign exchange losses (gains) - net	(98,948,706)	60,354,216	48,116,020
Interest expense (Notes 17, 19, 23 and 30)	10,259,686	24,411,138	48,364,623
Retirement benefit costs (Notes 21, 22 and 24)	23,169,533	18,123,185	13,203,358
Gain on rent concession (Notes 23 and 30)	–	(3,917,535)	–
Gain on sale/disposal of:			
FVOCI investments (Note 12)	(532,067)	(1,150,196)	(11,859,942)
Property and equipment	(129,464)	–	–
Operating income before working capital changes	1,620,268,872	1,248,175,221	1,646,746,587
Decrease (increase) in:			
FVPL investments	(431,799,766)	896,473,599	(532,026,162)
Receivables	(99,723,528)	133,664,944	97,878,040
Inventories	(572,539,264)	(148,158,417)	126,033,309
Prepayments and other current assets	(10,492,160)	8,085,481	(17,781,010)
Increase (decrease) in accounts payable and accrued expenses	(40,807,883)	(141,197,704)	128,423,365
Cash generated from operations	464,906,271	1,997,043,123	1,449,274,129
Income taxes paid	(382,738,499)	(324,280,247)	(320,136,171)
Dividends received	404,680,797	237,686,696	373,587,490
Interest received	56,714,726	77,902,962	133,653,424
Interest paid	(8,368,724)	(21,699,183)	(45,077,734)
Retirement benefit contribution (Note 24)	(22,187,256)	(13,719,373)	(22,193,191)
Net cash flows from operating activities	513,007,315	1,952,933,978	1,569,107,947

(Forward)

Consolidated Statements of Cash Flows

	Years Ended December 31		
	2021	**2020**	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
FVOCI investments (Note 12)	₱ **147,576,210**	₱ 284,642,953	₱ 446,651,642
Property and equipment (Note 14)	**129,464**	–	2,005,966
Additions to:			
FVOCI investments (Note 12)	**(78,986,314)**	(60,860,417)	(215,974,577)
Property and equipment (Notes 14 and 33)	**(144,240,885)**	(186,285,160)	(258,131,927)
Investment properties (Note 15)	**(3,914,394)**	–	(293,595,000)
Collection from (advances to) affiliates (Notes 13 and 27)	**57,197,246**	91,061,736	(431,448,061)
Decrease (increase) in other noncurrent assets	**(71,364,670)**	40,824,382	(4,502,626)
Net cash flows from (used in) investing activities	**(93,603,343)**	169,383,494	(754,994,583)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of notes payable (Notes 17, 31 and 33)	**–**	28,166,200	–
Sale of company shares held by a subsidiary (Note 20)	**–**	–	359,928,444
Availment of long-term debt (Note 31)	**–**	–	5,124,000
Payments of (Note 31):			
Dividends (Note 20)	**(725,217,672)**	(813,500,482)	(617,229,791)
Long-term debt (Note 19)	**(151,428,571)**	(275,719,246)	(635,732,071)
Lease liabilities (Note 30)	**(9,421,290)**	(12,038,287)	(12,309,568)
Notes payable (Note 17)	**–**	(5,000,000)	(250,000,000)
Advances from affiliates (Note 13)	**99,760,513**	30,705,903	–
Company shares purchased by a subsidiary (Note 20)	**–**	(285,843,190)	(118,975,079)
Net cash flows used in financing activities	**(786,307,020)**	(1,333,229,102)	(1,269,194,065)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(366,903,048)**	789,088,370	(455,080,701)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**4,174,099**	(6,007,280)	(1,556,110)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**3,091,959,345**	2,308,878,255	2,765,515,066
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 8)	₱ **2,729,230,396**	₱ 3,091,959,345	₱ 2,308,878,255

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were authorized for issue by the Board of Directors (BOD) on February 23, 2022.

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, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, COVID-19-related Rent Concessions beyond 30 June 2021

  The amendment provides 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;

- o Any reduction in lease payments affects only payments originally due on or before June 30, 2022; 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 is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, 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 Group adopted the amendments beginning January 1, 2021.

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, 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.

  The amendments are not expected to have a material impact on the Group.

- 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 per cent' test for derecognition of financial liabilities*

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and

  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

    The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

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

Basis of Consolidation

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

		Percentage of Ownership		
	Nature of Business	2021	2020	2019
A. Soriano Air Corporation (ASAC, Note 30)	Services/Rental	100	100	100
Pamalican Island Holdings, Inc. (PIHI)	Investment Holding	62	62	62
Island Aviation, Inc. (IAI, Note 30)	Air Transport	62	62	62
Anscor Consolidated Corporation (Anscorcon)	Investment Holding	100	100	100
Anscor Holdings, Inc. (AHI, Note 30)	Real Estate Holding	100	100	100
Akapulko Holdings, Inc.	Real Estate Holding	100	100	100
Lakeroad Corporation	Real Estate Holding	100	100	100
Mainroad Corporation	Real Estate Holding	100	100	100
Makatwiran Holdings, Inc.	Real Estate Holding	100	100	100
Makisig Holdings, Inc.	Real Estate Holding	100	100	100
Malikhain Holdings, Inc.	Real Estate Holding	100	100	100
Mountainridge Corporation	Real Estate Holding	100	100	100
Rollingview Corporation	Real Estate Holding	100	100	100
Timbercrest Corporation	Real Estate Holding	100	100	100
Anscor International, Inc. (AI, Note 13)	Investment Holding	100	100	100
IQ Healthcare Investments Limited (IQHIL)	Holding	100	100	100
IQ Healthcare Professional Connection, LLC (IQHPC) (inactive)	Manpower Services	93	93	93
Phelps Dodge International Philippines, Inc. (PDIPI, Notes 7 and 30)	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 30)	Wire Manufacturing	100	100	100
PD Energy International Corporation (PDEIC, Note 7)	Wire Manufacturing	100	100	100
Sutton Place Holdings, Inc.	Investment Holding	100	100	100
Cirrus Global, Inc.	Manpower Services	–	–	93
Summerside Corp. (Summerside)*	Investment Holding	100	40	40
AFC Agribusiness Corporation (AAC, Note 15)	Real Estate Holding	81	81	81
Seven Seas Resorts and Leisure, Inc. (SSRLI, Notes 7 and 30)	Villa Project Development	62	62	62
Pamalican Resort, Inc. (PRI, Notes 7 and 30)	Resort Operations	62	62	62

**In September 2021, the Group purchased shares of Summerside representing 60%. Accordingly, Summerside became a wholly-owned subsidiary of the Company as of December 31, 2021. As at December 31, 2020 and 2019, 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):

	2021	2020
Balance Sheets:		
Current assets	₱ 866.4	₱ 798.2
Noncurrent assets	1,043.9	984.9
Current liabilities	481.1	430.5
Noncurrent liabilities	115.8	120.9
Equity	1,313.5	1,231.6
Equity attributable to NCI	495.2	464.3

	2021	2020
Statements of Comprehensive Income:		
Revenue	₱ 838.5	₱ 656.4
Income before tax	99.3	14.3
Net income	77.7	0.6
Other comprehensive income (loss)	2.4	(0.9)
Total comprehensive income (loss)	80.1	(0.3)
Total comprehensive income (loss) allocated to NCI during the year	30.2	(0.1)

	2021	2020
Statements of Cash Flows:		
Cash flows from operations	₱ 262.6	₱ 13.0
Cash flows used in investing activities	(181.8)	(181.2)
Cash flows from financing activities	15.9	76.4

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

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

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

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

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

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

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

Investments in Associates

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

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

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

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

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

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

		Percentage of Ownership		
	Nature of Business	**2021**	**2020**	**2019**
Vicinetum Holdings, Inc. (VHI)	Investment Holding	**32**	32	32
Prople Limited (Note 13)	Business Process Outsourcing	**32**	32	32
Fremont Holdings, Inc. (FHI, Note 13)	Real Estate Holding	**26**	26	26
AGP International Holdings Pte Ltd. (AGP-SG, Note 13)	Investment Holding	**21**	21	–
AGP Group Holdings Pte Ltd. (AGP-BVI, formerly AGP International Holdings Ltd. [AGPI], Note 13)	Investment Holding	**–**	–	27
BehaviorMatrix, LLC (BM, Note 13)	Behavior Analytics Services	**21**	21	21
ATRAM Investment Management Partners Corp. (AIMP, Note 13)	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.

Non-current Assets Held for Sale and Discontinued Operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification are regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

The Group discontinues the use of the equity method for its investment in associate from the date that the investment (or the portion of it) is classified as held for sale; instead, the associate or joint venture is then measured at the lower of its carrying amount and fair value less cost to sell.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statements of financial position. 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 co-ordinated 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 net income (loss) after tax from discontinued operations in the consolidated statements of income.

<u>Current versus Noncurrent Classification</u>

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, 2021 and 2020, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets at FVPL

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

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

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

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

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

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

As at December 31, 2021 and 2020, 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 ₱11,677.8 million and ₱10,022.9 million, respectively (see Note 9). No financial liability at FVPL is outstanding as at December 31, 2021 and 2020.

(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, 2021 and 2020, the Group’s FVOCI investments include investments in bonds (see Note 12).

(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, 2021 and 2020, 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.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial assets

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

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

Modification of financial assets

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

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

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

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Exchange or modification of financial liabilities

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

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

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

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

"Day 1" Difference

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

Offsetting Financial Instruments

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

Cash and Cash Equivalents

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

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

Inventories

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

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

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

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

Prepayments

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

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

Value Added Tax (VAT)

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

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

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

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

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

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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

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

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

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

*or lease term, whichever is shorter

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

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

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

Property Development in Progress

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

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

Investment Properties

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

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

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

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment, investment properties and investments in associates) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

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

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

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

Other Noncurrent Assets and Other Noncurrent Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contract Balances

Trade receivables

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

Contract liabilities

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

Other Revenue/Income

Interest

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

Dividends

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

Rental

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

Costs and Expenses

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

Cost of goods sold

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

Cost of services rendered

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

Operating expenses

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

Other Comprehensive Income

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

Leases

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

The Group as a lessee

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

Right-of-use assets

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

Category	Number of Years
Building	5 years
Leasehold improvement	2 years

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

Lease liabilities

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

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

Short-term leases and low-value assets

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

<u>Borrowing Costs</u>

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

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, 2021, 2020 and 2019.

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 29).

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, 2021 and 2020, 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 ownership interest on the entities discussed in Note 3. Management concluded that the Group controls those entities arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

Determining the classification of assets held for sale

On November 19, 2021, the BOD authorized the management to proceed with the sale of all its AGP-SG shares, representing 21.4% ownership interest in AGP-SG, after negotiating with the potential buyer. Management believes that all the criteria for recognition of asset held for sale in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Group classified such investment as asset held for sale. On February 17, 2022, the said investment in associate held for sale was sold (see Note 34).

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, 2021 and 2020 amounted to ₱782.7 million and ₱753.2 million, respectively. Receivables and advances, net of valuation allowance, amounted to ₱2,296.5 million and ₱2,245.4 million as at December 31, 2021 and 2020, respectively (see Notes 10, 13 and 27).

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 29).

Unquoted equity investments amounted to ₱1,827.3 million and ₱1,248.9 million as at December 31, 2021 and 2020, respectively (see Note 9).

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 2021, 2020 and 2019. The carrying value of FVOCI debt investments amounted to ₱46.4 million and ₱94.1 million as at December 31, 2021 and 2020, respectively (see Note 12).

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 ₱103.6 million and ₱84.8 million as at December 31, 2021 and 2020, respectively. The carrying amount of the inventories amounted to ₱1,625.1 million and ₱1,052.6 million as at December 31, 2021 and 2020, respectively (see Note 11).

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, 2021 and 2020, the carrying value of depreciable property and equipment and investment properties amounted to ₱2,657.3 million and ₱2,629.3 million, respectively (see Notes 14 and 15).

Recoverability of investment in associates

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

As discussed in Note 13, in 2019, the Group recognized impairment loss on its investment in AGP-SG amounting to ₱232.3 million (after considering the effect of dilution) and, due to accumulated equity in net losses, the carrying value of the investment has been reduced to nil as at December 31, 2020. As at December 31, 2021, the investment has been classified as noncurrent asset held-for-sale. The carrying amounts of the remaining investments in associates amounted to ₱327.8 million and ₱316.4 million as at December 31, 2021 and 2020, respectively (see Note 13).

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, 2021 and 2020, the carrying value of property and equipment and investment properties amounted to ₱3,024.5 million and ₱2,996.5 million, respectively (see Notes 14 and 15).

There is no impairment loss on property and equipment for each of the three years in the period ended December 31, 2021 (see Note 14). For investment properties, management recognized impairment loss amounting to ₱24.8 million in 2021 (nil in 2020 and 2019) (see Note 15).

(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, 2021 and 2020, 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, 2021 and 2020, the Group recognized gross deferred income tax assets amounting to ₱118.8 million and ₱136.3 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 25.

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 assets as at December 31, 2021 and 2020 amounted to ₱147.1 million and ₱91.6 million, respectively. Net retirement benefits payable as at December 31, 2021 and 2020 amounted to ₱48.1 million and ₱56.9 million, respectively. Further details are provided in Note 24.

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 24.

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 32, 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, 2021			
	Cable and Wire Manufacturing	Resorts Operations and Villa Development	Other Operations*	Total
Type of revenues:				
Sale of goods	₱ 8,751,666,475	₱ –	₱ –	₱ 8,751,666,475
Services	–	836,086,850	177,366,999	1,013,453,849
Total revenue from contracts with customers	₱ 8,751,666,475	₱ 836,086,850	₱ 177,366,999	₱ 9,765,120,324
Timing of revenue recognition:				
At a point in time	₱ 8,751,666,475	₱ 345,111,557	₱ 177,366,999	₱ 9,274,145,031
Over time	–	490,975,293	–	490,975,293
Total revenue from contracts with customers	₱ 8,751,666,475	₱ 836,086,850	₱ 177,366,999	₱ 9,765,120,324

	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.*

Contract liabilities
Contract liabilities amounted to ₱76.1 million and ₱54.3 million as at December 31, 2021 and 2020, respectively. These pertain to customer advances received for customer orders (see Note 18). In 2021, 2020 and 2019, the Group recognized revenue from sales of goods and services from the contract liabilities amounting to ₱54.3 million, ₱52.7 million and ₱41.1 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.

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 2021, 2020 and 2019, 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.

  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, 2021, 2020 and 2019 (in thousands):

	Before Eliminations						
	Holding Company (Parent)	Resort Operations and Villa Development	Cable and Wire Manufacturing	Other Operations[1]	Total	Eliminations	Consolidated
As at and for the year ended December 31, 2021							
Revenues, excluding interest income[2]	₱ 1,417,559	₱ 836,087	₱ 8,751,666	₱ 1,168,237	₱ 12,173,549	(₱ 2,009,000)	₱ 10,164,549
Interest income	48,849	1,942	2,657	86	53,534	–	53,534
Investment gains (losses)	1,984,265	–	2,100	856,009	2,842,374	(1,717,781)	1,124,593
Interest expense	(9)	(233)	(9,027)	(1,169)	(10,438)	178	(10,260)
Income tax expense (benefit from income tax)	51,886	21,533	304,230	10,498	388,147	(7,995)	380,152
Equity in net earnings	–	–	–	11,410	11,410	–	11,410
Net income	3,359,704	77,733	909,950	1,789,262	6,136,649	(3,599,056)	2,537,593
Total assets	19,253,541	1,910,305	5,355,905	14,653,052	41,172,803	(17,547,829)	23,624,974
Investments and advances	7,556,096	97,747	–	2,153,034	9,806,877	(9,477,444)	329,433
Property and equipment	7,261	703,161	680,194	152,365	1,542,981	1,001,406	2,544,387
Total liabilities	891,199	596,838	659,955	3,186,100	5,334,092	(2,766,224)	2,567,868
Depreciation and amortization	18,326	111,534	112,870	53,507	296,237	6,358	302,595
Cash flows from (used in):							
Operating activities	832,090	262,620	109,205	(234,382)	969,533	(456,526)	513,007
Investing activities	(155,367)	(181,838)	63	930,261	593,119	(686,722)	(93,603)
Financing activities	(648,688)	15,894	(410,850)	(665,434)	(1,709,078)	922,771	(786,307)

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (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, 2020							
Revenues, excluding interest income[2]	₱ 1,533,497	₱ 646,324	₱ 6,448,196	₱ 1,095,519	₱ 9,723,536	(₱ 2,248,661)	₱ 7,474,875
Interest income	66,254	4,938	10,918	94	82,204	–	82,204
Investment gains (losses)	(730,936)	–	(2,800)	746,378	12,642	(88,013)	(75,371)
Interest expense	2,536	245	16,898	4,977	24,656	(245)	24,411
Income tax expense (benefit from income tax)	(1,694)	13,698	284,623	2,688	299,315	(7,995)	291,320
Equity in net losses and impairment loss	–	–	–	(598,006)	(598,006)	–	(598,006)
Net income	569,610	626	692,026	1,138,401	2,400,663	(2,231,938)	168,725
Total assets	17,394,215	1,783,053	4,866,355	13,323,536	37,367,159	(15,764,874)	21,602,285
Investments and advances	7,623,492	–	–	2,044,491	9,667,983	(9,349,654)	318,329
Property and equipment	7,128	752,878	595,628	97,151	1,452,785	1,028,056	2,480,841
Total liabilities	565,491	551,421	833,657	3,078,431	5,029,000	(2,687,105)	2,341,895
Depreciation and amortization	17,892	108,128	96,110	46,184	268,314	23,860	292,174
Cash flows from (used in):							
Operating activities	1,292,360	13,038	693,227	281,550	2,280,175	(327,241)	1,952,934
Investing activities	(116,222)	(181,208)	(62,843)	615,788	255,515	(86,132)	169,383
Financing activities	(896,645)	76,367	(406,193)	(887,940)	(2,114,411)	781,182	(1,333,229)

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

[1] Other Operations include ASAC, AAC, Anscorcon, AI, AHI, IAI and the Group's equity in net earnings (losses) of associates and impairment loss.
[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, 2021 and 2020, the carrying amount of goodwill allocated to each cash-generating unit (subsidiaries) is as follows:

PDP	₱ 1,202,945,277
SSRLI (Note 30)	99,330,987
	₱ 1,302,276,264

b. Impairment Testing of Goodwill

i. PDP Group

The recoverable amount of the investment 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 four or five-year period.

The key assumptions used to determine the recoverable amount as at December 31, 2021 and 2020 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 2021 and 2020 are 11.9% and 16.7%, 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 4.5% and 4.7% in 2021 and 2020, respectively, and the difference between the discount rate and growth rate.

Growth rate

PDP Group assumed a growth rate of 5.0% in 2021 and 2020. 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 investment 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, 2021 and 2020 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 2021 and 2020 are 11.1% and 12.8%, 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% in 2021 and 2020, and the difference between the discount rate and growth rate.

Growth rate

Growth rate assumptions for the five-year cash flow projections in 2021 and 2020 are supported by the different initiatives of SSRLI. SSRLI used 9.5% to 20.8% and 10.5% to 47.7% growth rate in revenue for its cash flow projection in 2021 and 2020, 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. Cash and Cash Equivalents

	2021	2020
Cash on hand and in banks	**₱ 1,692,599,481**	₱ 2,000,092,020
Cash equivalents	**1,036,630,915**	1,091,867,325
	₱ 2,729,230,396	₱ 3,091,959,345

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group. These investments earn interest at prevailing rates (see Note 23).

9. FVPL Investments

	2021	2020
Quoted equity shares	**₱ 7,405,486,958**	₱ 6,481,857,144
Funds and equities	**1,790,855,560**	1,319,051,909
Unquoted equity shares	**1,827,306,698**	1,248,944,824
Proprietary shares	**399,877,073**	363,627,073
Bonds	**246,425,256**	529,582,177
Others	**7,862,440**	79,809,042
	₱ 11,677,813,985	₱ 10,022,872,169

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, 2021 and 2020, 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 4.2% to 6.5%, 2.4% to 8.3% and 4.0% to 9.0% in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the Group has equity investments amounting to ₱11,431.4 million and ₱9,493.3 million, respectively.

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, the Company recognized ₱80.1 million gain on fair value adjustment in its investment in KSA which is presented in the consolidated profit or loss (nil in 2021 and 2020).

As at December 31, 2021 and 2020, the Company's investment in KSA amounted to ₱1,021.7 million (see Note 29).

The Company earned cash dividends from KSA amounting to ₱185.6 million, ₱121.4 million and ₱189.9 million in 2021, 2020 and 2019, 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.

In December 2021, Grab became listed and launched its initial public offering. Accordingly, the investment in Macquarie is recognized as part of the "Quoted equity shares" as at December 31, 2021, from "Funds and equities" as at December 31, 2020.

In 2021, the Company recognized gains in fair value adjustment in its investment in Macquarie amounting to ₱129.5 million (nil in 2020 and 2019).

As at December 31, 2021 and 2020, the carrying value of the investment in Macquarie, inclusive of foreign exchange adjustment, amounted to ₱384.5 million and ₱240.1 million, respectively.

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 (nil in 2021).

As at December 31, 2021 and 2020, the Group's total investment in Madaket, inclusive of foreign exchange adjustment, amounted to nil.

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, AI recognized losses on fair value adjustment amounting to ₱26.7 million in its investment in Element Data (nil in 2021 and 2020).

Total investment carrying value in Element Data amounted to nil as at December 31, 2021 and 2020.

e. Navegar I LP (Navegar I)

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

In July 2017, AI invested additional US$0.07 million (₱3.6 million).

In October 2018, the partial disposal of Navegar I's investments resulted to the return of capital and gain amounting to US$0.3 million (₱13.4 million) and US$0.8 million (₱43.5 million), respectively.

In 2021, AI recognized a gain on fair market value adjustment in its investment in Navegar I amounting to ₱2.0 million. In 2020 and 2019, AI recognized losses on fair value adjustment amounting to ₱2.4 million and ₱2.2 million, respectively.

Total investment in Navegar I, inclusive of foreign exchange adjustment, amounted to ₱25.4 million and ₱21.5 million as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Navegar I amounted to US$0.05 million and US$0.06 million, respectively.

f. Navegar II LP (Navegar II)

In 2019, AI committed to invest US$10.0 million in Navegar II. AI invested US$1.49 million (₱76.08 million), US$1.0 million (₱46.5 million) and US$0.2 million (₱10.1 million) in 2021, 2020 and 2019, respectively.

In 2021 and 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to ₱31.8 million and ₱14.2 million, respectively (nil in 2019).

Total investment in Navegar II, inclusive of foreign exchange adjustment, amounted to ₱183.6 million and ₱71.3 million as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Navegar II amounted to US$7.31 million and US$8.8 million, respectively.

g. Sierra Madre Philippines I LP (Sierra Madre)

In 2017, AI entered into an equity investment agreement with Sierra Madre, then a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund focuses on providing growth capital to small and mid-sized Philippine companies. AI committed to invest US$9.0 million in Sierra Madre.

In 2021, 2020 and 2019, AI made additional investments to Sierra Madre amounting to US$1.2 million (₱63.5 million), US$1.1 million (₱52.8 million) and US$0.9 million (₱48.0 million), respectively.

In 2021 and 2020, AI recognized gains on fair value adjustment amounting to ₱120.6 million and ₱23.2 million, respectively. In 2019, AI recognized losses on fair value adjustment amounting to ₱31.1 million.

As at December 31, 2021 and 2020, total investment in Sierra Madre, inclusive of foreign exchange adjustment, amounted to ₱326.7 million and ₱134.4 million, respectively.

As at December 31, 2021 and 2020, the Group's remaining capital commitment to be called for Sierra Madre amounted to US$4.4 million and US$5.7 million, respectively. Sierra Madre has until March 2022 to call for additional investment.

h. Asia Partners I LP and Asia Partners SCI (collectively Asia Partners)

In 2021, AI committed to invest US$6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, AI committed to invest US$1.0 million in Asia Partners SCI.

In 2021, AI made investment to Asia Partners I LP amounting to US$5.2 million (₱263.9 million).

In 2021, AI recognized gains on fair market value adjustment in its investment in Asia Partners amounting to ₱5.9 million.

As at December 31, 2021, total investment in Asia Partners, inclusive of foreign exchange adjustment, amounted to ₱269.9 million.

As at December 31, 2021, the Group's remaining capital commitment to be called for Asia Partners amounted to US$1.8 million. In February 2022, AI committed to invest US$10.0 million in Asia Partners II LP.

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
	2021	**2020**	**in 2021**
Quoted equity shares	₱ **3,353.2**	₱ 2,613.9	₱ **739.3**
Unquoted equity shares	**633.7**	491.2	**142.5**
Proprietary shares	**357.9**	321.7	**36.2**
Funds and equities	**91.1**	44.9	**46.2**
Bonds	**(42.5)**	(17.8)	**(24.7)**
Others	**1.0**	3.7	**(2.7)**
Total	**4,394.4**	3,457.6	**936.8**
Add realized gain on sale of FVPL investments			**187.3**
Net gain on increase in market value of FVPL investments			₱ **1,124.1**

	Unrealized Valuation Gains (Losses) in Market Value				Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments	
		2020		2019		in 2020
Quoted equity shares	₱	2,613.9	₱	3,084.1	(₱	470.2)
Unquoted equity shares		491.2		456.6		34.6
Proprietary shares		321.7		325.5		(3.8)
Funds and equities		44.9		(15.7)		60.6
Bonds		(17.8)		(17.3)		(0.5)
Others		3.7		(1.4)		5.1
Total		3,457.6		3,831.8		(374.2)
Add realized gain on sale of FVPL investments						297.7
Net loss on decrease in market value of FVPL investments					(₱	76.5)

	Unrealized Valuation Gains (Losses) in Market Value				Gains (Losses) on Increase (Decrease) in Market Value of FVPL Investments	
		2019		2018		in 2019
Quoted equity shares	₱	3,084.1	₱	2,242.3	₱	841.8
Unquoted equity shares		456.6		487.5		(30.9)
Proprietary shares		325.5		282.4		43.1
Bonds		(17.3)		(54.9)		37.6
Funds and equities		(15.7)		(41.8)		26.1
Others		(1.4)		(7.6)		6.2
Total		3,831.8		2,907.9		923.9
Add realized gain on sale of FVPL investments						227.9
Net gain on increase in market value of FVPL investments					₱	1,151.8

There were no outstanding forward transactions as at December 31, 2021, 2020 and 2019.

10. Receivables

	2021	2020
Trade	₱ **1,935,826,780**	₱ 1,834,935,681
Tax credits/refunds	**136,034,296**	157,463,279
Receivables from villa owners	**59,905,684**	42,023,200
Interest receivable	**23,560,532**	26,191,265
Dividend receivable	**22,251,559**	21,422,305
Others	**37,531,831**	42,372,968
	2,215,110,682	2,124,408,698
Less allowance for expected credit losses	**217,882,662**	188,415,857
	₱ **1,997,228,020**	₱ 1,935,992,841

Trade receivables are noninterest-bearing and are normally settled on a 30 to 60-day term.

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 materials used for repairs and maintenance of the villas.

Interest receivable pertains to accrued interest income from cash and cash equivalents, notes receivable, FVPL and FVOCI investments in debt instruments.

Dividend receivable pertains to uncollected dividend income from investments in equity securities.

Movements in the allowance for expected credit losses of trade and other receivable accounts are as follows:

	2021		
	Trade	Interest and Others	Total
At January 1	₱ **186,825,539**	₱ **1,590,318**	₱ **188,415,857**
Provision for the year (Note 23)	**29,731,764**	**–**	**29,731,764**
Write-off	**(264,959)**	**–**	**(264,959)**
At December 31	₱ **216,292,344**	₱ **1,590,318**	₱ **217,882,662**

	2020		
	Trade	Interest and Others	Total
At January 1	₱ 111,659,921	₱ 2,424,253	₱ 114,084,174
Provision for the year (Note 23)	75,243,352	–	75,243,352
Recoveries (Note 23)	(77,734)	–	(77,734)
Write-off	–	(833,935)	(833,935)
At December 31	₱ 186,825,539	₱ 1,590,318	₱ 188,415,857

11. Inventories

	2021	2020
At cost:		
Materials in transit	₱ 377,956,695	₱ 136,335,376
Raw materials	153,323,893	55,450,436
Aircraft parts in transit	30,615,926	40,089,414
Food and beverage	10,964,889	13,502,886
Reel inventory	9,519,683	8,195,616
	582,381,086	253,573,728
At net realizable value:		
Finished goods - net of allowance for inventory obsolescence of ₱34.1 million in 2021 and ₱23.7 million in 2020	611,042,906	445,390,570
Work in process - net of allowance for inventory obsolescence of ₱6.2 million in 2021 and ₱11.0 million in 2020	136,257,388	115,572,063
Raw materials - net of allowance for inventory obsolescence of ₱12.8 million in 2021 and ₱2.8 million in 2020	181,605,892	113,082,152
Spare parts and operating supplies - net of allowance for inventory obsolescence of ₱40.3 million in 2021 and ₱37.2 million in 2020	83,676,820	66,223,633
Aircraft spare parts and supplies - net of allowance for inventory obsolescence and losses of ₱9.6 million in 2021 and ₱9.5 million in 2020	29,555,553	58,138,235
Construction-related materials - net of allowance for inventory obsolescence of ₱0.6 million in 2021 and 2020	605,556	605,556
	1,042,744,115	799,012,209
	₱1,625,125,201	₱ 1,052,585,937

Net provision for inventory obsolescence recognized in 2021, 2020 and 2019, which was recorded under "Materials used and changes in inventories", amounted to ₱18.8 million, ₱1.5 million and ₱1.4 million, respectively (see Note 21).

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, 2021 and 2020.

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 construction of villa or future repair or renovation of villas.

Inventories charged to cost of goods sold and services sold amounted to ₱6,697.5 million, ₱4,675.9 million and ₱6,207.8 million in 2021, 2020 and 2019, respectively (see Note 21).

12. FVOCI Investments

As at December 31, 2021 and 2020, FVOCI investments amounted to ₱46.4 million and ₱94.1 million, respectively, and these were recognized under noncurrent assets.

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 4.13% to 6.13% in 2021, 4.00% to 5.95% in 2020 and 4.00% to 7.38% in 2019. Maturity dates range from October 31, 2026 to June 30, 2028 for bonds held as at December 31, 2021 and May 3, 2022 to July 31, 2024 for bonds held as at December 31, 2020.

b. Geothermal Project

   In January 2014, a loan and investment agreement was entered by the Company with SKI Construction Company, Inc. (SKI), Red Core Investment Corp. (Red Core), Tayabas Power, Tiaong Geothermal Power, Inc. (Tiaong Power) and San Juan Geothermal Power, Inc. (San Juan Power), collectively referred to as Red Core Group to jointly survey and explore the geothermal energy potential in the areas defined by the Tayabas, Tiaong and San Juan Geothermal Renewable Energy Service Contract (GRESC). Under this agreement, the Company committed to lend up to ₱172.0 million for the exploration phase of the three sites.

   The Company may choose to convert each note into common shares of the three operating companies: Tayabas Power, Tiaong Power and San Juan Power to achieve 9.1% stake in each of these entities. If the Company opts not convert the note within the agreed time frame, these notes will accrue interest until they mature 62 months from the initial drawdown date.

   In 2017, the Company recognized ₱82.9 million impairment loss, bringing the investment balance to nil as at December 31, 2021 and 2020.

   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 23, 2022, the case is still ongoing.

In 2021, 2020 and 2019, gain on sale of FVOCI investments amounted to ₱0.5 million, ₱1.2 million and ₱11.9 million, respectively.

Below is the rollforward of the unrealized valuation gains (losses) on FVOCI investments recognized in equity:

		2021		2020
Beginning balance	₱	**2,521,749**	₱	8,739,689
Loss recognized directly in equity - net of tax		**(1,849,250)**		(5,412,803)
Amount removed from equity and recognized in consolidated statement of comprehensive income - net of tax		**(399,050)**		(805,137)
Ending balance	₱	**273,449**	₱	2,521,749

13. Investments and Advances

		2021		2020
Investments at equity - net of valuation allowance	₱	**327,783,660**	₱	316,374,056
Advances - net of allowance for expected credit losses of ₱564.8 million in 2021 and 2020		**1,649,622**		1,955,259
	₱	**329,433,282**	₱	318,329,315

Investments at equity consist of:

		2021		2020
Acquisition cost				
Common shares	₱	**2,549,574,872**	₱	2,549,574,872
Preferred shares		**4,348,973**		4,348,973
Total		**2,553,923,845**		2,553,923,845
Accumulated equity in net losses and impairment loss		**(2,420,477,863)**		(2,431,887,467)
Effect of foreign exchange differences		**194,337,678**		194,337,678
	₱	**327,783,660**	₱	316,374,056

The significant transactions involving the Group's investments in associates in 2021 and 2020 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. In 2020 and 2019, the Group recognized equity in net losses amounting to ₱601.4 million and ₱294.1 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.

The following are the significant financial information of AGP-SG as at and for the year ended December 31, 2020 (in millions):

Balance Sheet*:	
Current assets	₱ 6,125.2
Noncurrent assets	13,657.9
Current liabilities	9,391.9
Noncurrent liabilities	8,348.6
Equity	2,042.6
Statement of Comprehensive Income*:	
Revenue	₱ 4,646.9
Loss before tax	4,859.0
Net loss	4,952.4

**Based on the latest available unaudited financial information.*

As at December 31, 2020, the carrying value of the investment amounted to nil.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all criteria for recognition of non-current asset held-for-sale (NCAHFS) in accordance with PRFS 5 are met on that date. Accordingly, effective November 2021, the Group discontinued the use of equity method for its investment in AGP-SG and classified such investment as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and, as at the date of classification as NCAHFS, the carrying value of the investment in AGP-SG remains nil. On February 17, 2022, the said investment in associate was sold (see Note 34).

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.

AIMP reported net income amounting to ₱67.5 million, ₱23.3 million and ₱48.1 million in 2021, 2020 and 2019, respectively. The Group recognized equity in net earnings amounting to ₱13.5 million, ₱4.4 million and ₱9.8 million in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the carrying value of the investment in AIMP amounted to ₱152.3 million and ₱138.7 million, 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 2021 and 2020, FHI made a cash advance to the Company amounting to ₱76.6 million and ₱27.8 million, respectively. Total outstanding cash advance from FHI amounted to ₱104.3 million and ₱27.8 million as of December 31, 2021 and 2020, respectively, which is presented under "Accounts payable and accrued expenses" (see Note 18).

FHI reported a net loss amounting to ₱8.2 million, ₱5.5 million and ₱2.1 million in 2021, 2020 and 2019, respectively. The Group recognized equity in net losses amounting to ₱2.1 million, ₱1.4 million and ₱0.5 million in 2021, 2020 and 2019, respectively.

As at December 31, 2021 and 2020, the carrying value of the investment and advances in FHI amounted to ₱175.5 million and ₱177.6 million, respectively.

BM

In October 2011, AI entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constituted 10% of the total Series A preferred units outstanding. In the first quarter of 2012, all of AI's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's parent company. Predictive is a US-based early-stage technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the-art mathematics that allow it to measure and quantify emotions associated with digital content.

In July 2015, AI made an additional investment of US$0.5 million (₱22.5 million). In March 2016, AI invested an additional US$0.44 million (₱20.5 million) through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and AI invested an additional US$0.81 million (₱39.2 million) for a 20.5% shareholding in BM. The increased ownership allowed AI to exercise significant influence over BM.

In 2016, AI provided impairment loss on its investment in BM amounting to ₱62.2 million.

As at December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020.

14. Property and Equipment

	2021					
	Land, Buildings and Improvements	Flight, Ground, Machineries and Other Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Construction in Progress	Total
Cost						
January 1	₱ 2,827,677,520	₱1,299,169,781	₱ 562,058,832	₱ 227,167,476	₱ 15,247,681	₱ 4,931,321,290
Additions	759,943	107,695,404	23,829,693	14,579,629	194,947,264	341,811,933
Reclassification	28,088,185	38,623,419	5,104,973	5,178,571	(76,995,148)	–
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	2,856,525,648	1,445,488,604	590,993,498	242,667,463	133,199,797	5,268,875,010
Accumulated Depreciation and Amortization						
January 1	974,260,193	823,535,504	470,055,166	182,629,005	–	2,450,479,868
Depreciation and amortization (Note 21)	82,803,803	132,457,516	39,630,241	23,375,185	–	278,266,745
Retirement/disposals	–	–	–	(4,258,213)	–	(4,258,213)
December 31	1,057,063,996	955,993,020	509,685,407	201,745,977	–	2,724,488,400
Net Book Value	₱ 1,799,461,652	₱ 489,495,584	₱ 81,308,091	₱ 40,921,486	₱ 133,199,797	₱ 2,544,386,610

	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 21)	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

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 ₱278.3 million, ₱267.9 million and ₱256.5 million in 2021, 2020 and 2019, respectively (see Note 21).

15. Investment Properties

	2021		
	Land	**Condominium**	**Total**
Cost			
January 1	₱ 238,010,571	₱ 293,595,000	₱ 531,605,571
Additions	3,914,394	-	3,914,394
December 31	241,924,965	293,595,000	535,519,965
Accumulated Depreciation and Amortization			
January 1	-	15,903,062	15,903,062
Depreciation and amortization (Note 21)	-	14,679,750	14,679,750
December 31	-	30,582,812	30,582,812
Accumulated Impairment Loss			
Provision for impairment loss (Note 23)	-	24,812,188	24,812,188
Net Book Value	₱ 241,924,965	₱ 238,200,000	₱ 480,124,965

	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 21)	–	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

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, 2021 amounted to ₱3.8 billion.

Fair valuation of the land properties was performed by professionally qualified, SEC-accredited and independent appraiser as at October 2019 to January 2020. The fair value was determined using the sales comparison approach which considers the sale of similar or substitute properties, related market data and the assets' highest and best use. The fair value of the investment properties is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation.

The inputs used were offer prices of similar land. Significant increases or decreases in offer price would result in higher or lower fair value of the asset.

The appraisers determined that the highest and best use of these properties are either for residential, agricultural, commercial and recreational utility. For strategic reasons, the properties are not being used in this manner. These properties are currently held by the Group for capital appreciation.

The Group has no restrictions on the realizability of the investment properties. Under Department of Agrarian Reform (DAR) rules, AAC has to complete the development on the Guimaras land by September 2018. On November 11, 2018, DAR approved the Group's request for extension to develop the property within a non-extendible period of five years from the receipt of order or until December 6, 2023. The notice of order was received by the Group on December 7, 2018.

Fair valuation of the condominium units was also performed by professionally qualified, SEC-accredited and independent appraiser. Based on the report of the appraiser rendered for 2021, the fair value of the condominium units is lower by ₱24.8 million. Accordingly, the Company recognized an impairment loss of such amount in 2021 (nil in 2020 and 2019).

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 ₱12.6 million, ₱12.3 million and ₱1.0 million from these investment properties in 2021, 2020 and 2019, respectively (see Note 30).

The aggregate direct expenses pertaining to real property taxes, condominium dues and depreciation expense amounted to ₱15.5 million, ₱19.2 million and ₱1.9 million, in 2021, 2020 and 2019, respectively.

16. Other Noncurrent Assets and Other Noncurrent Liabilities

The Group's other noncurrent assets comprise the following as of December 31:

	2021	2020
Fund for villa operations and capital expenditures (Note 30)	₱ 128,471,640	₱ 95,921,673
Deposit to suppliers	119,268,177	77,124,777
Computer software - net of accumulated depreciation of ₱13.1 million and ₱11.0 million as of December 31, 2021 and 2020, respectively	4,896,118	7,009,910
Property held for future development (Note 30)	3,676,224	3,679,290
Refundable deposits	1,068,312	1,426,368
Others	1,177,093	4,743,667
	₱ 259,156,564	₱ 189,905,685

Deposits to suppliers include advances to suppliers for the maintenance of IAI's aircraft and for the acquisition of specific property and equipment.

Fund for villa operations and capital expenditures is a restricted cash fund of PRI held as a source of future maintenance requirements and for future replacement of power generating units and desalination plant. Interest income on this fund shall accrue to the villa owners. A liability related to the fund was recognized and is presented as "Other noncurrent liabilities" in the consolidated balance sheets (see Note 30).

Other noncurrent liabilities amounted to ₱113.7 million and ₱111.4 million as at December 31, 2021 and 2020, 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.

17. Notes Payable

Notes payable as at December 31, 2021 and 2020 represent unsecured, short-term, interest-bearing liabilities of IAI amounting to ₱23.2 million.

Details of the Group's short-term borrowing transactions are as follows:

a. In January and February 2020, IAI obtained loans from a bank amounting to ₱10.2 million and ₱18.0 million, respectively. The amounts loaned from the bank were used for the additional working capital of IAI. The loans have interest initially fixed at 5.0% 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 and February 19, 2021, the loans were rolled-over for a year amounting to ₱5.2 million and ₱18.0 million with interest fixed at a rate of 5.5% based on prevailing market rates and subject to the same terms. Subsequently, on January 6, 2022 and February 14, 2022, the loans were rolled-over for another year with the same respective principal amounts and with interest fixed at rates of 4.3% and 4.5%, respectively.

b. Total interest expense from these loans recognized in the consolidated profit or loss amounted to ₱1.1 million, ₱1.2 million and ₱0.5 million in 2021, 2020 and 2019, respectively (see Note 23).

c. The Group's unavailed loan credit line from banks amounted to ₱3,165.0 million and ₱3,191.4 million as at December 31, 2021 and 2020, respectively.

18. Accounts Payable and Accrued Expenses

		2021		2020
Trade payables	₱	**329,381,248**	₱	294,839,235
Refundable deposits		**194,596,351**		191,960,889
Accruals for:				
Personnel expenses		**156,783,490**		146,090,331
Taxes and licenses		**4,643,847**		4,770,416
Others		**58,013,297**		36,877,339
Payable to villa owners		**81,123,952**		54,862,856
Contract liabilities (Note 5)		**76,098,883**		54,286,065
Payable to related parties (Note 13)		**144,043,755**		27,805,900
Payable to contractors		**16,613,819**		19,848,123
Payable to government agencies		**32,552,217**		19,558,046
Other payables		**16,931,574**		6,921,567
	₱	**1,110,782,433**	₱	857,820,767

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.

19. Long-term Debt

The Group's outstanding long-term debt from a local bank pertain to PDP Energy:

		2021		2020
Balance as of end of year	₱	**75,714,286**	₱	227,142,857
Less current portion		**75,714,286**		151,428,571
	₱	**–**	₱	75,714,286

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. 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 was 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, 2021 and 2020, PDP Energy is in compliance with the debt covenants.

In addition, the long-term loan is secured by the following collaterals, among others:

- Real estate mortgage over the land owned by Minuet;
- Chattel mortgage over machineries and equipment of PDP Energy and PDEI located in PDP Energy and PDEI's premises;
- Pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor; and
- Assignment of leasehold rentals of the properties located in PDP Energy's premises.

On December 19, 2016, the pledge over the shares of stock for 1,121,000 shares of PDIPI held by Anscor was released by the bank.

The long-term loan also provides for pretermination without penalty.

c. In 2014, IAI converted the short-term loan amounting to US$1.1 million (₱47.0 million) to long-term loan. The term of the loan is six years, inclusive of one year grace period on principal payments. The loan is payable in 20 equal quarterly installments on principal repayment date commencing at the end of the first quarter of the grace period.

The loan is subject to Mortgage Trust Indenture or "MTI" dated November 29, 2005 between SSRLI and the MTI trustee (AB Capital and Investment Corporation), covering a portion of the assets of SSRLI.

The interest rate shall be equivalent to the base interest rate plus margin. The interest shall be payable quarterly in arrears computed based on the outstanding balance of the loan.

This loan was settled in full in May 2020.

Total interest expense recognized in the consolidated profit or loss amounted to ₱7.1 million, ₱19.2 million and ₱44.4 million in 2021, 2020 and 2019, respectively (see Note 23).

20. Equity

Equity holders of the Parent
Authorized capital stock as at December 31 consists of the following shares:

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Common - ₱1.0 par value	**3,459,310,958**	**₱ 3,459,310,958**	3,464,310,958	₱ 3,464,310,958
Preferred - ₱0.01 par value	**500,000,000**	**5,000,000**	-	-
	3,959,310,958	**₱ 3,464,310,958**	3,464,310,958	₱ 3,464,310,958

Issued and outstanding shares as at December 31 consists of the following:

	2021		2020	
	Number of Shares	**Amount**	Number of Shares	Amount
Common	**2,500,000,000**	**₱ 2,500,000,000**	2,500,000,000	₱ 2,500,000,000
Preferred	**500,000,000**	**5,000,000**	-	-
	3,000,000,000	**₱ 2,505,000,000**	2,500,000,000	₱ 2,500,000,000

On February 19, 2020, the Company's BOD approved the amendment of its Articles of Incorporation (AOI) wherein authorized capital stock of 5,000,000 common shares (par value of ₱1.00 per share) amounting to ₱5.0 million will be reclassified to 500,000,000 preferred shares (par value of ₱0.01 per share) amounting to ₱5.0 million. In August 2020, the Company applied for the amendment of the AOI with the SEC and this was approved by SEC on June 21, 2021.

Outstanding common shares, net of shares held by a subsidiary, as at December 31, 2021 and 2020 totaled 1,227,570,239. The Company's equity holders as at December 31, 2021 and 2020 is 11,070 and 11,074, 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 2021, 2020 and 2019, the Company declared the following cash dividends:

	2021	2020	2019
Month of declaration	**February and November**	March	February and November
Cash dividend per share	**₱0.50 and ₱0.25**	₱0.75	₱0.25 and ₱0.25
Total cash dividend	**₱1,875.0 million**	₱1,875.0 million	₱1,250.0 million
Share of a subsidiary	**₱920.7 million**	₱937.4 million	₱634.6 million

As at December 31, 2021 and 2020, the Company's dividends payable amounted to ₱519.5 million and ₱366.1 million, respectively, and represents mainly dividend checks that were returned by the post office and which remained outstanding as at December 31, 2021 and 2020 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 ₱118.8 million and ₱136.3 million as at December 31, 2021 and 2020, respectively.
- Shares in the undistributed retained earnings of subsidiaries and accumulated equity in net earnings of associates amounting to ₱5.5 billion and ₱5.1 billion as at December 31, 2021 and 2020, 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, 2021 and 2020, Anscorcon holds 1,272,429,761 shares of the Company. Anscorcon purchased the Company's shares amounting to ₱285.8 million (22,557,515 shares) in 2020. In 2019, Anscorcon sold 56.0 million Company shares for ₱359.9 million.

21. Cost of Goods Sold, Cost of Services Rendered and Operating Expenses

Cost of goods sold consists of:

	2021	2020	2019
Materials used and changes in inventories (Note 11)	₱ 6,664,260,843	₱ 4,654,071,070	₱ 6,182,201,800
Salaries, wages and employee benefits (Note 22)	127,037,370	108,218,705	123,726,961
Depreciation and amortization (Note 14)	109,216,132	92,478,983	81,236,323
Repairs and maintenance	81,254,728	75,010,253	103,648,290
Utilities	68,495,190	72,743,297	81,758,417
Security services	6,922,570	5,992,989	5,023,323
Transportation and travel	3,359,266	6,045,156	7,842,844
Insurance	2,078,351	2,127,082	2,143,719
Others	8,995,507	7,000,700	2,707,310
	₱ 7,071,619,957	₱ 5,023,688,235	₱ 6,590,288,987

Cost of services rendered consists of:

	2021	2020	2019
Resort operating costs	₱ 125,670,705	₱ 101,363,691	₱ 160,436,397
Salaries, wages and employee benefits (Note 22)	68,582,611	50,926,678	65,974,344
Materials and supplies - resort operations (Note 11)	33,249,480	21,855,679	25,548,530
Depreciation and amortization (Note 14)	32,500,287	28,521,875	39,749,485
Fuel cost	24,299,842	16,956,751	35,731,780
Transportation and travel	18,607,935	18,045,475	53,711,346
Repairs and maintenance	14,100,851	9,122,274	30,384,808
Commissions	8,096,975	7,191,262	15,313,975
Insurance	7,996,096	6,063,533	4,515,573
Taxes and licenses	3,224,122	3,247,109	5,662,831
Outside services	1,268,843	726,978	1,142,487
Others	10,325,835	4,681,144	5,662,831
	₱ 347,923,582	₱ 268,702,449	₱ 447,058,842

Operating expenses consist of:

	2021	2020	2019
Salaries, wages and employee benefits (Note 22)	₱ **262,348,562**	₱ 292,989,341	₱ 343,715,912
Depreciation and amortization (Notes 14, 15 and 30)	**160,879,035**	171,173,222	151,194,031
Shipping and delivery expenses	**96,400,481**	72,923,630	89,675,097
Advertising, marketing and management fee (Note 30)	**94,978,399**	92,191,957	151,367,555
Taxes and licenses	**90,916,131**	72,842,002	55,210,882
Utilities	**84,926,823**	63,194,782	79,746,977
Repairs and maintenance	**41,843,014**	54,713,458	56,982,751
Transportation and travel	**32,264,886**	24,703,019	47,347,552
Commissions	**27,212,971**	19,791,818	34,019,789
Insurance	**26,084,688**	23,278,643	21,649,585
Professional and directors' fees	**25,274,180**	37,395,138	49,816,241
Security services	**19,182,366**	20,457,933	21,220,110
Office supplies	**18,925,461**	13,452,468	6,786,878
Communications	**14,102,634**	13,399,461	12,719,346
Donation and contribution	**12,940,389**	10,026,883	9,618,796
Association dues	**8,400,598**	7,769,547	8,113,533
Meetings and conferences	**8,255,195**	8,299,842	8,820,470
Entertainment, amusement and recreation	**6,054,664**	6,692,946	6,122,508
Rental (Note 30)	**5,708,778**	1,612,537	160,736
Medical expenses	**4,262,816**	3,805,958	8,984,153
Computer programming	**3,166,553**	2,546,436	13,450,049
Trainings	**2,428,179**	2,676,059	2,059,633
Contract maintenance	**841,934**	835,145	1,314,420
Others	**44,581,734**	34,878,189	37,708,623
	₱ **1,091,980,471**	₱ 1,051,650,414	₱ 1,217,805,627

In 2021, 2020 and 2019, the Company paid bonus to its non-executive directors amounting to nil, ₱14.0 million and ₱4.6 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.

22. Personnel Expenses

	2021	2020	2019
Salaries and wages	₱ **372,619,250**	₱ 381,286,501	₱ 348,909,427
Pension costs (Note 24)	**23,169,533**	18,123,185	13,203,358
Social security premiums and other employee benefits	**62,179,760**	52,725,038	171,304,432
	₱ **457,968,543**	₱ 452,134,724	₱ 533,417,217

In 2021, 2020 and 2019, the Group declared and paid bonuses to its executive officers amounting to nil, ₱65.5 million and ₱37.0 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.

23. Interest Income, Interest Expense and Other Income (Charges)

Interest income consists of:

	2021	2020	2019
Debt instruments (Notes 9 and 12)	₱ **32,197,278**	₱ 47,215,234	₱ 75,190,235
Notes receivable (Note 27)	**15,043,868**	18,038,590	14,334,300
Cash and cash equivalents (Note 8)	**6,235,233**	15,417,105	34,410,510
Others	**57,711**	1,532,894	542,990
	₱ **53,534,090**	₱ 82,203,823	₱ 124,478,035

Interest income on debt instruments is net of bond discount amortization amounting to ₱1.8 million, ₱0.2 million and ₱1.8 million in 2021, 2020 and 2019, respectively.

Interest expense arose from the following:

	2021	2020	2019
Long-term debt (Note 19)	₱ **7,135,812**	₱ 19,230,512	₱ 44,390,418
Lease liabilities (Note 30)	**1,890,962**	2,520,847	3,286,888
Notes payable (Note 17)	**1,054,460**	1,215,914	495,072
Others	**178,452**	1,443,865	192,245
	₱ **10,259,686**	₱ 24,411,138	₱ 48,364,623

Other income (charges) consists of:

	2021	2020	2019
Provision for impairment losses on:			
Receivables (Note 10)	**(₱ 29,731,764)**	(₱ 75,243,352)	(₱ 40,841,504)
Other current and noncurrent assets	**–**	–	(910,582)
Impairment loss on investment properties (Note 15)	**(24,812,188)**	–	–
Rental income (Note 30)	**12,809,631**	12,579,912	2,909,532
Recovery of impairment losses (Note 13)	**–**	10,322,694	–
Receipt of escrow fund and tax refund	**–**	83,967,456	88,301,725
Gain on rent concession (Note 30)	**–**	3,917,535	-
Others - net	**(11,973,969)**	15,655,945	19,392,915
	(₱ 53,708,290)	₱ 51,200,190	₱ 68,852,086

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.

24. 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, which 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, 2021 and 2020, the Company's defined benefit retirement fund (Fund) has investments in shares of stock of the Company with a cost of ₱413.6 million. The fair value of the shares of stock amounted to ₱506.4 million and ₱420.4 million as at December 31, 2021 and 2020, respectively.

All of the fund's investing decisions are made by the BOT of the pension plans. The retirement benefit fund's gain arising from the changes in market prices amounted to ₱75.6 million and ₱31.0 million in 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the Fund's fair value amounted to ₱720.6 million and ₱551.8 million, respectively.

The following tables summarize the components of net benefit expense recognized in the consolidated profit or loss and the fund status and amounts recognized in the consolidated balance sheets.

	2021	2020	2019
Retirement benefit cost:			
Current service cost	₱ 24,193,146	₱ 20,555,238	₱ 17,562,357
Net interest income	(1,023,613)	(2,432,053)	(4,358,999)
Net benefit expense (Note 22)	₱ 23,169,533	₱ 18,123,185	₱ 13,203,358
Actual return on plan assets	₱ 160,279,066	₱ 46,900,559	₱ 38,309,338

Changes in net retirement plan asset are as follows:

	2021	2020	2019
Net retirement plan assets, beginning	₱ 91,612,330	₱ 84,470,839	₱ 65,391,589
Current service cost	(13,409,755)	(12,178,895)	(11,281,011)
Net interest income	2,910,178	4,034,196	5,115,853
	(10,499,577)	(8,144,699)	(6,165,158)
Actuarial changes arising from:			
Changes in financial assumptions	12,608,462	(15,731,936)	(21,613,963)
Experience adjustments	14,654,816	3,213,923	13,906,841
Changes in the effect of asset ceiling	(113,372,593)	(1,514,499)	10,662,932
Remeasurement of plan assets	143,381,265	21,595,526	4,002,083
Changes in demographic adjustments	1,033,745	–	2,205,744
	58,305,695	7,563,014	9,163,637
Contribution	7,723,176	7,723,176	16,196,994
Transfer to net retirement payable	–	–	(116,223)
Net retirement plan assets, end	₱ 147,141,624	₱ 91,612,330	₱ 84,470,839

Changes in net retirement benefits payable are as follows:

	2021	2020	2019
Net retirement benefits payable, beginning	(₱ 56,895,050)	(₱ 32,252,060)	(₱ 12,858,113)
Current service cost	(10,783,391)	(8,376,343)	(6,281,346)
Net interest expense	(1,886,565)	(1,602,143)	(756,854)
	(12,669,956)	(9,978,486)	(7,038,200)
Actuarial changes arising from:			
Changes in financial assumptions	14,172,068	(18,812,882)	(14,606,935)
Experience adjustments	(4,452,910)	(3,225,553)	(5,868,754)
Remeasurement of plan assets	(2,801,571)	1,377,734	1,997,522
Changes in demographic adjustments	39,289	–	–
Changes in the effect of asset ceiling	(3,004)	–	10,000
	6,953,872	(20,660,701)	(18,468,167)
Contribution	14,464,080	5,996,197	5,996,197
Transfer from net retirement assets	–	–	116,223
Net retirement benefits payable, end	(₱ 48,147,054)	(₱ 56,895,050)	(₱ 32,252,060)

Changes in the present value of defined benefit obligation:

	2021	2020
Defined benefit obligation, beginning	₱ 493,788,432	₱ 419,533,605
Current service cost	24,193,146	20,555,238
Interest cost	16,625,399	20,545,945
Remeasurement in other comprehensive income:		
Actuarial loss (gain) - changes in financial assumptions	(26,787,615)	34,544,818
Actuarial loss (gain) - experience adjustments	(10,183,068)	11,630
Actuarial gain - changes in demographic assumptions	(1,086,929)	–
Benefits paid from plan assets	(13,712,153)	(1,402,804)
Benefits paid from the Company's fund	(112,307)	
Defined benefit obligation, ending	₱ 482,724,905	₱ 493,788,432

Changes in the fair value of plan assets:

	2021	2020
Fair value of plan assets, beginning	₱ 551,816,645	₱ 492,599,517
Interest income	19,699,372	23,927,299
Contributions	22,187,256	13,719,373
Remeasurement gain	140,579,694	22,973,260
Benefits paid from plan assets	(13,712,153)	(1,402,804)
Fair value of plan assets, ending	₱ 720,570,814	₱ 551,816,645

Changes in the effect of asset ceiling:

	2021	2020
Beginning balance	₱ 23,310,933	₱ 20,847,133
Changes in the effect of asset ceiling	113,375,597	1,514,499
Interest on the effect of asset ceiling	2,164,809	949,301
Ending balance	₱ 138,851,339	₱ 23,310,933

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

	2021	2020
Debt instruments	₱ 410,413,591	₱ 399,277,206
Equity instruments	293,820,138	140,111,138
Cash and cash equivalents	11,157,674	847,289
Unit investment trust funds	1,084,512	5,062,219
Others	4,094,899	6,518,793
	₱ 720,570,814	₱ 551,816,645

The financial instruments with quoted prices in active market amounted to ₱561.4 million and ₱545.0 million as at December 31, 2021 and 2020, 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:

2021	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱ 17,213,823)**
	-100 bps	**19,452,832**
Future salary increases	**+100 bps**	**19,333,257**
	-100 bps	**(17,429,176)**

2020	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	+100 bps	(₱ 20,570,429)
	-100 bps	23,424,647
Future salary increases	+100 bps	22,970,819
	-100 bps	(20,582,214)

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:

2021	**Change in Rates**	**Effect on Present Value of Defined Benefit Obligation Increase (Decrease)**
Discount rates	**+100 bps**	**(₱ 1,199,594)**
	-100 bps	**1,356,306**
Future salary increases	**+100 bps**	**1,328,139**
	-100 bps	**(1,198,536)**

2020	Change in Rates	Effect on Present Value of Defined Benefit Obligation Increase (Decrease)
Discount rates	+100 bps	(₱ 1,294,462)
	-100 bps	1,472,413
Future salary increases	+100 bps	1,435,394
	-100 bps	(1,288,486)

The Group expects to make contributions amounting to ₱25.6 million to its defined benefit pension plans in 2022.

The principal assumptions used in determining pension benefit obligations for the Group's plans are shown below:

	2021	2020
Discount rate	**3.00% to 5.05%**	1.92% to 3.78%
Future salary increases	**4.00% to 5.00%**	3.00% to 5.00%

The weighted average duration of the defined benefit obligation as at December 31, 2021and 2020 ranges from 1.4 to 10.3 years and 1.4 to 11.8 years, respectively.

Shown below is the maturity analysis of the expected future benefit payments as at December 31, 2021:

Year	**Amount**
2022	₱ 266,389,646
2023	19,840,756
2024	24,986,688
2025	18,498,425
2026	26,532,890
2027 to 2030	148,615,212

There were no changes from the previous period in the method and assumptions used in preparing the sensitivity analysis.

25. Income Taxes

The provision for income tax consists of:

	2021	**2020**	**2019**
Current	**₱ 327,071,822**	₱ 332,501,209	₱ 419,419,841
Deferred	**53,080,192**	(41,181,668)	9,953,813
	₱ 380,152,014	₱ 291,319,541	₱ 429,373,654

The components of the net deferred income tax assets (liabilities) are as follows:

	2021		2020	
	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	₱ 66,503,058	₱ -	₱ 71,134,320	₱ -
Allowance for inventory obsolescence and losses	23,659,440	-	23,625,259	-
Net retirement benefits payable	17,481,703	-	16,387,929	-
Unamortized past service cost	1,340,091	926,771	2,052,372	926,771
Unrealized foreign exchange loss	-	-	553,075	11,165,712
Others	8,889,196	-	10,432,209	-
	117,873,488	926,771	124,185,164	12,092,483
Deferred income tax liabilities on:				
Unrealized foreign exchange gains	(500,115)	(2,934,499)	-	-
Net retirement plan assets	(315,838)	(7,017,414)	(260,619)	(5,586,651)
Fair value adjustment on equity investments	-	(300,421,730)	-	(308,417,058)
Market adjustment on FVPL investments	-	(175,482,323)	-	(137,093,780)
Others	-	(5,206,010)	-	(7,711,376)
	(815,953)	(491,061,976)	(260,619)	(458,808,865)
	117,057,535	(490,135,205)	123,924,545	(446,716,382)
Recognized in other comprehensive income:				
Deferred income tax assets (liabilities) on:				
Unrealized valuation gains on FVOCI investments	-	(91,150)	-	(1,080,750)
Cumulative actuarial gains	(5,534,433)	(31,057,473)	72,955	(20,594,624)
	(5,534,433)	(31,148,623)	72,955	(21,675,374)
	₱ 111,523,102	(₱521,283,828)	₱ 123,997,500	(₱ 468,391,756)

(1) Pertain to SSRLI, ASAC, PDP and AHI.
(2) Pertain to Anscor and Anscorcon.

The following are deductible temporary differences and carryforward benefits 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:

	2021	2020
Deductible temporary differences on:		
Allowances for:		
Impairment losses	₱ 1,812,677,232	₱ 1,883,617,238
Expected credit losses	567,537,073	564,800,000
Accrued pension benefits and others	1,603,894	2,379,668
Carryforward benefits of:		
NOLCO	43,908,287	138,401,371
MCIT	7,603,077	8,799,044

The President of the Philippines signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations.
- For domestic corporations with net taxable income not exceeding ₱5.0 million and with total assets exceeding ₱100.0 million (excluding land on which the business entity's office plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 up to June 30, 2023.
- Imposition of improperly accummulated earnings tax (IAET) is repealed.

The reconciliation of provision for income tax computed at the statutory income tax rate (25% in 2021 and 30% in 2020 and 2019) with the provision for income tax is as follows:

	2021	2020	2019
Provision for income tax at statutory tax rates	₱ 729,436,234	₱ 138,013,361	₱ 710,325,095
Additions to (reductions from) income taxes resulting from:			
Decrease (increase) in market values of marketable equity securities and other investments subjected to final tax	(326,645,836)	216,649,877	(233,588,466)
Dividend income not subject to income tax	(90,948,354)	(72,379,100)	(108,395,002)

(Forward)

	2021	2020	2019
Movement in unrecognized deferred income tax assets	₱ 38,363,894	₱ 41,862,258	₱ 87,384,190
Income tax at 5% GIT	(7,253,409)	(17,975,832)	(85,665,018)
Nontaxable income	–	(218,673,569)	(13,687,406)
Interest income already subjected to final tax	(131,030)	(1,458,413)	(2,556,510)
Equity in net losses (earnings) of associates not subject to income tax	(2,852,401)	179,401,942	85,449,941
Change in tax rate (impact of CREATE)	15,507,248	–	–
Others	24,675,668	25,879,016	(9,893,170)
	₱ 380,152,014	₱ 291,319,541	₱ 429,373,654

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
2018	2019-2021	₱ 31,200,921	₱ –	(₱20,732,363)	(₱ 10,468,558)	₱ –
2019	2020-2022	19,229,449	–	(3,596,152)	–	15,633,297
2020	2021-2025	87,971,001	–	(69,796,884)	–	18,174,117
2021	2022-2026	–	10,100,873	–	–	10,100,873
		₱ 138,401,371	₱ 10,100,873	(₱94,125,399)	(₱ 10,468,558)	₱ 43,908,287

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 and 2021 can be claimed as deduction from the regular taxable income from taxable years 2021 to 2025 and taxable years 2022 to 2026, respectively, in pursuant to the Bayanihan to Recover As One Act.

MCIT

Recognition	Availment Period	Amount	Additions	Applied	Expired	Balance
2018	2019-2021	₱ 3,218,932	₱ –	₱ –	(₱ 3,218,932)	₱ –
2019	2020-2022	3,866,181	–	–	–	3,866,181
2020	2021-2023	1,713,931	–	–	–	1,713,931
2021	2022-2024	–	2,022,934	–	–	2,022,934
		₱ 8,799,044	₱ 2,022,934	₱ –	(₱ 3,218,932)	₱ 7,603,046

26. Earnings Per Share - Basic / Diluted

Earnings per share - basic / diluted were computed as follows:

	2021	2020	2019
Net income attributable to equity holders of the Parent	₱ **2,504,080,376**	₱ 165,646,806	₱ 1,843,615,322
Total comprehensive income (loss) attributable to equity holders of the Parent	₱ **2,680,681,495**	(₱ 24,105,756)	₱ 1,741,633,291
Weighted average number of shares	**1,227,570,239**	1,241,967,264	1,207,960,035
Earnings (Loss) Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **2.04**	₱ 0.13	₱ 1.53
Basic/diluted, for comprehensive income (loss) attributable to equity holders of the Parent	₱ **2.18**	(₱ 0.02)	₱ 1.44

The Company does not have potentially dilutive common stock equivalents in 2021, 2020 and 2019.

27. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

All related party transactions exceeding ₱5.0 million in a single transaction or in aggregate transactions within the last twelve (12) months shall be disclosed to and evaluated by the Related Party Transaction Committee for approval by at least majority of the BOD.

All material related party transactions, representing 10% or more of the consolidated total assets of the Group, shall be approved by at least two-thirds (2/3) vote of the BOD, with at least majority of the independent directors voting to approve the material related party transactions. These transactions shall be disclosed with the SEC.

In the normal course of business and in addition to those disclosed in Notes 13 and 30, the Group grants/ receives cash advances to/from its associates and affiliates.

Compensation of the Group's key management personnel (in millions):

	2021	2020	2019
Short-term employee benefits (Notes 21 and 22)	₱ **106.8**	₱ 146.4	₱ 116.1
Retirement benefits (Notes 21, 22 and 24)	**4.4**	4.4	5.7
Total	₱ **111.2**	₱ 150.8	₱ 121.8

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 ₱445.2 million and ₱369.6 million as at December 31, 2021 and 2020, respectively.

The balance of the loan, which is presented as "Notes receivable" in the consolidated balance sheets, amounted to ₱297.6 million and ₱307.5 million as at December 31, 2021 and 2020, respectively.

28. 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:

		2021		2020
Cash in banks	₱	**1,691,559,733**	₱	1,999,052,241
Cash equivalents		**1,036,630,915**		1,091,867,325
FVPL investments - bonds		**246,425,256**		529,582,177
FVOCI investments - bonds		**46,396,340**		94,137,422
Advances		**566,449,622**		566,755,259
		3,587,461,866		4,281,394,424
Receivables:				
Trade		**1,935,826,780**		1,834,935,681
Notes receivable		**297,608,131**		307,499,741
Receivable from villa owners		**59,905,684**		42,023,200
Interest receivable		**23,560,532**		26,191,265
Dividend receivable		**22,251,559**		21,422,305
Others		**37,531,831**		42,372,968
		2,376,684,517		2,274,445,160
	₱	**5,964,146,383**	₱	6,555,839,584

Credit quality per class of financial assets

For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

		Days Past Due But Not Impaired					
December 31, 2021	**Current**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Total**
Expected credit loss rate	**0%**	**0% - 1.05%**	**0% - 0.02%**	**0%**	**0% - 19.45%**	**100%**	
Estimated total gross carrying amount at default	**₱1,027,300,883**	**₱ 414,967,480**	**₱ 133,918,402**	**₱ 61,636,855**	**₱108,415,875**	**₱189,587,285**	**₱ 1,935,826,780**
Expected credit loss	**₱ -**	**₱ 4,685,005**	**₱ 24,441**	**₱ -**	**₱ 21,995,613**	**₱189,587,285**	**₱ 216,292,344**

December 31, 2020	Current	Days Past Due But Not Impaired Less than 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Total
Expected credit loss rate	0%-0.01%	0%-2.90%	0%-7.12%	0%-14.39%	0%-9.00%	0%-82.88%	
Estimated total gross carrying amount at default	₱ 1,009,364,877	₱ 423,482,894	₱ 130,759,432	₱ 35,983,385	₱ 67,311,653	₱168,033,440	₱ 1,834,935,681
Expected credit loss	₱ 9,082,737	₱ 16,119,934	₱ 8,548,094	₱ 5,137,721	₱ 10,741,952	₱137,195,101	₱ 186,825,539

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.

2021	12-month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Cash in banks	₱ 1,691,559,733	₱ –	₱ –	₱ 1,691,559,733
Cash equivalents	1,036,630,915	–	–	1,036,630,915
FVOCI investments	46,396,340	–	–	46,396,340
Receivables:				
Notes receivable	297,608,131	–	-	297,608,131
Receivable from villa owners	59,905,684	–	-	59,905,684
Interest receivable	22,969,437	–	591,095	23,560,532
Dividend receivable	22,251,559	-	-	22,251,559
Others	36,532,608	–	999,223	37,532,831
Advances	1,649,622	–	564,800,000	566,449,622
	₱ 3,215,505,029	₱ –	₱566,390,318	₱ 3,781,895,347

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
Dividend receivable	21,422,305	-	-	21,422,305
Others	41,373,745	–	999,223	42,372,968
Advances	1,955,259	–	564,800,000	566,755,259
	₱ 3,624,931,408	₱ –	₱ 566,390,318	₱ 4,191,321,726

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, 2021	Within 6 Months	6 to 12 Months	Over 1 Year to 5 Years	Over 5 Years	Total
Cash on hand and in banks	₱ 1,692,599,481	₱ -	₱ -	₱ -	₱ 1,692,599,481
Cash equivalents	1,036,630,915	-	-	-	1,036,630,915
FVPL investments - bonds	52,012,606	15,039,605	70,620,865	108,752,180	246,425,256
FVOCI investments - bonds	-	-	46,396,340	-	46,396,340
Receivables*	1,861,193,724	-	297,608,131	-	2,158,801,855
	₱ 4,642,436,726	₱ 15,039,605	₱414,625,336	₱108,752,180	₱ 5,180,853,847
Accounts payable and accrued expenses**	₱ 1,002,131,333	₱ -	₱ -	₱ -	₱ 1,002,131,333
Lease liabilities	4,969,201	4,969,201	7,729,869	-	17,668,271
Notes payable	23,166,200	-	-	-	23,166,200
Long-term debt	75,714,286	-	-	-	75,714,286
Dividends payable	519,529,172	-	-	-	519,529,172
	₱ 1,625,510,192	₱ 4,969,201	₱ 7,729,869	₱ -	₱ 1,683,209,262

* *Excluding non-financial assets amounting to ₱136.0 million. Notes receivable amounting to ₱297.6 million is included.*
** *Excluding non-financial liabilities amounting to ₱108.6 million.*

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	₱ –	₱ 635,779,639	₱ 280,072,341	₱ 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.*

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)
2021	**+150**	₱ **0.23**
	-150	**(0.23)**
2020	+150	₱ 0.52
	-150	(0.52)

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, 2021 and 2020. There is no other impact on equity other than those affecting profit or loss.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

The tables below show the impact on income before income tax and equity of the estimated future bond yields using a duration based sensitivity approach. Items affecting profit or loss are bonds classified as FVPL and items affecting equity account are bonds classified as FVOCI. The impact of change in interest rates are as follows (in millions):

	Change in	Increase (Decrease)	
2021	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	**+100**	₱ **-**	**(₱ 2.06)**
	-100	**-**	**2.19**
FVPL investments	**+100**	**(₱ 4.85)**	₱ **-**
	-100	**5.11**	**-**

	Change in	Increase (Decrease)	
2020	**Interest Rates (in bps)**	**Effect on Income Before Tax**	**Effect on Equity**
FVOCI investments	+100	₱ -	(₱ 1.10)
	-100	-	1.14
FVPL investments	+100	(₱ 23.81)	₱ -
	-100	26.04	-

b. Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the PSE and NASDAQ.

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

The table below shows the impact on income before income tax and equity of the estimated future return of the stock investments using a Beta-based sensitivity approach. The impact of the change in equity prices are as follows (in millions):

FVPL Investments	Change in PSE Price Index	Effect on Income Before Tax and Equity Increase (Decrease)
2021	**+18.77%**	**₱ 859.33**
	-18.77%	**(859.33)**
2020	+33.14%	₱ 1,165.59
	-33.14%	(1,165.59)

The annual standard deviation of the PSE price index is approximately with 18.77% and 33.14% and with 99% confidence level, the possible change in PSE price index could be +/- 18.77% and +/- 33.14% in 2021 and 2020, 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)
2021	**+10.00%**	**₱ 153.90**
	-10.00%	**(153.90)**
2020	+10.00%	₱ 282.54
	-10.00%	(282.54)

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):

2021	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	**+4.38%**	**₱ 7.69**
	-4.38%	**(7.69)**
Indonesian Rupiah	**+19.11%**	**(₱ 34.01)**
	-19.11%	**34.01**

2020	**Change in Currency Rate**	**Effect on Income Before Tax and Equity Increase (Decrease)**
US Dollar	+3.23%	₱ 6.43
	-3.23%	(6.43)
Indonesian Rupiah	+10.31%	(₱ 18.35)
	-10.31%	18.35

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 ₱490.9 million, with an average quantity of about 1,182 metric tons in 2021 and ₱328.0 million, with an average quantity of about 1,136 metric tons in 2020.

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)
2021	**+9.02**	**(₱ 76.65)**
	-9.02	**76.65**
2020	+5.71%	(₱ 29.28)
	-5.71%	29.28

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 sheets.

No changes were made in the objectives, policies or process for the years ended December 31, 2021 and 2020.

29. Financial Instruments

Categorization of Financial Instruments

December 31, 2021	**At Amortized Cost**	**Financial Assets at FVPL**	**Financial Assets at FVOCI**	**Total**
Cash and cash equivalents	**₱ 2,729,230,396**	**₱ -**	**₱ -**	**₱ 2,729,230,396**
FVPL investments	**-**	**11,677,813,985**	**-**	**11,677,813,985**
FVOCI investments	**-**	**-**	**46,396,340**	**46,396,340**
Receivables*	**2,158,801,855**	**-**	**-**	**2,158,801,855**
	₱ 4,888,032,251	**₱11,677,813,985**	**₱ 46,396,340**	**₱ 16,612,242,576**

**Excluding non-financial assets amounting to ₱136.0 million. Notes receivable amounting to ₱297.6 million is included.*

December 31, 2020	At Amortized Cost	Financial Assets at FVPL	Financial Assets at FVOCI	Total
Cash and cash equivalents	₱ 3,091,959,345	₱ –	₱ –	₱ 3,091,959,345
FVPL investments	–	10,022,872,169	–	10,022,872,169
FVOCI investments	–	–	94,137,422	94,137,422
Receivables*	2,086,029,303	–	–	2,086,029,303
	₱ 5,177,988,648	₱ 10,022,872,169	₱ 94,137,422	₱ 15,294,998,239

**Excluding non-financial assets amounting to ₱157.5 million. Notes receivable amounting to ₱307.5 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 different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

		Fair Value Measurement Using		
December 31, 2021	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	₱ 7,405,486,958	₱ 7,405,486,958	₱ –	₱ –
Unquoted equity shares	1,827,306,698	–	805,597,624	1,021,709,074
Funds and equities	1,790,855,560	–	1,790,855,560	
Proprietary shares	399,877,073	–	399,877,073	–
Bonds	246,425,256	246,425,256	–	–
Others	7,862,440	7,862,440	–	–
	11,677,813,985	7,659,774,654	2,996,330,257	1,021,709,074
FVOCI investments	46,396,340	46,396,340	–	–
	₱11,724,210,326	₱ 7,706,170,994	₱ 2,996,330,257	₱ 1,021,709,074

		Fair Value Measurement Using		
December 31, 2020	**Total**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	₱ 6,481,857,144	₱ 6,481,857,144	₱ –	₱ –
Funds and equities	1,319,051,909	–	1,319,051,909	–
Unquoted equity shares	1,248,944,824	–	227,235,750	1,021,709,074
Bonds	529,582,177	529,582,177	–	–
Proprietary shares	363,627,073	–	363,627,073	–
Others	79,809,042	79,809,042	–	–
	10,022,872,169	7,091,248,363	1,909,914,732	1,021,709,074
FVOCI investments	94,137,422	94,137,422	–	–
	₱ 10,117,009,591	₱ 7,185,385,785	₱ 1,909,914,732	₱ 1,021,709,074

Description of significant unobservable inputs to valuation of investment in KSA classified under Level 3 (amounts in millions):

2021	**Valuation Technique**	**Significant Unobservable inputs**	**Range**	**Sensitivity of Input to Fair Value**
KSA	**DCF Model**	**Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year**	**0% to 5%**	**0%: fair value of ₱780** **5%: fair value of ₱1,069**
		Liquidity discount of 20%	**10% to 30%**	**10%: fair value of ₱1,034** **30%: fair value of ₱805**
		Cost of equity of 13.20%	**12.2% to 14.00%**	**12%: fair value of ₱981** **14%: fair value of ₱879**

2020	Valuation Technique	Significant Unobservable inputs	Range	Sensitivity of Input to Fair Value
KSA	DCF Model	Dividend payout is ₱121.0 million with 3% annual increase at the end of 2nd year	0% to 5%	0%: fair value of ₱803 5%: fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30%: fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14%: fair value of ₱948

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 2020	₱	1,021.7
Unrealized gain in profit or loss		-
As at 31 December 2020		1,021.7
Unrealized gain in profit or loss		-
As at 31 December 2021	₱	**1,021.7**

In 2021, Grab was listed in NASDAQ which resulted to transfer from Level 2 to Level 1 fair value measurement.

For the years ended December 31, 2021, 2020 and 2019, there were no transfers other than those mentioned above.

30. 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 (5) 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 ₱12.6 million, ₱12.3 million and ₱1.2 million in 2021, 2020 and 2019 respectively (see Notes 15 and 23).

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, 2021 and 2020 amounted to ₱22.19 million and ₱52.2 million, respectively, and included as part of "Other noncurrent assets" account in the consolidated balance sheets (see Note 16).

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. Rent expense in 2021 amounted to ₱5.2 million (nil in 2020 and 2019).

   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.

   Currently, IAI is in the process of finalizing a renewed 3-year lease agreement with MIAA and is targeted to be completed in 2022. The renewal of the lease agreement is not reasonably certain as of December 31, 2021 as the acceptance by the lessor of the best lease offer is not yet evident.

   IAI conducts its operations from leased facilities with ASAC which include the aircraft hangar or ramp, battery shop, parking lots, mechanics' quarters and the administrative office. The lease agreement is for a period of two years commencing on September 1, 2019 and was subsequently renewed. The renewed lease agreement was terminated on August 31, 2021. On September 1, 2021, IAI renewed the lease agreement valid for two years ending August 31, 2023.

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 shareholders of SSRLI. The acquisition increased the ownership of the Company from 46.79% to 62.30% of the total outstanding common and preferred shares of SSRLI. Total acquisition price for the additional shares is US$5.9 million (₱255.9 million) cash consideration plus the fair value of the 46.79% investment amounting to ₱302.7 million. Goodwill recognized from the acquisition amounted to ₱99.3 million (see Note 7).

c. Since 1995, the Company charges a monthly fee amounting to US$15,000 or its Peso equivalent for the Company's general, administrative, treasury, tax and legal services rendered to PRI.

   Starting January 1, 2018, both parties mutually agreed to a monthly fee amounting to ₱650,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. AHI also charges PRI for a monthly fee of ₱100,000 (eliminated in the consolidated statements of comprehensive income), inclusive of VAT. Effective August 2021, ₱375,000 (inclusive of VAT) is billed by AHI to PRI and the same amount is charged by the Company to PRI.

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 or until December 31, 2023 from the date of expiration, which was on December 31, 2018, under the same terms and conditions as contained in the management agreement.

Total fees related to these agreements amounted to ₱75.1 million, ₱52.6 million and ₱109.7 million in 2021, 2020 and 2019, respectively.

e. PRI entered into an agreement with IAI wherein the latter will provide regular air transport service to PRI. 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 (eliminated in consolidated profit or loss) relating to these lease agreements amounted to ₱5.1 million and ₱3.1 million in 2021 and 2020, respectively.

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 ₱164.0 million, ₱90.9 million and ₱168.7 million in 2021, 2020 and 2019, 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, 2021 and 2020, the restricted fund amounted to ₱128.5 million and ₱86.6 million, respectively, which is included under "Other noncurrent assets" and "Other noncurrent liabilities" in the consolidated balance sheets (see Note 16).

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. As there are no ongoing projects, no handling fee was recognized in 2021, 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, 2021 and 2020, total property development in progress mainly for Phase 4 villa development amounted to ₱3.7 million. This is presented as part of "Other noncurrent assets" in the consolidated balance sheets (see Note 16).

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 ₱23.3 million and ₱28.8 million as at December 31, 2021 and 2020, respectively. Management fees (eliminated in the consolidated profit or loss) amounted to ₱103.6 million, ₱85.1 million and ₱99.0 million in 2021, 2020 and 2019, respectively.

A new management contract was executed effective January 1, 2022 subject to the same terms and conditions except for the payment of a fixed fee amounting to ₱7.2 million (VAT inclusive) per year.

b. In 2012, 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, 2021 and 2020, and the movement during the period.

	2021	2020
Cost		
Beginning/Ending balance	₱ 35,792,042	₱ 35,792,042
Accumulated Amortization		
Beginning balance	15,070,334	7,535,167
Amortization for the year	7,535,167	7,535,167
Ending balance	22,605,501	15,070,334
Net Book Value	₱ 13,186,541	₱ 20,721,708

Set out below is the carrying amount of lease liability and its movements in 2021 and 2020:

	2021	2020
Beginning balance	₱ 24,130,777	₱ 30,291,973
Accretion of interest	1,890,962	2,520,847
Lease payments	(9,421,290)	(4,764,508)
Rent concession	–	(3,917,535)
	16,600,449	24,130,777
Less current portion of lease liability	9,810,744	4,922,514
Noncurrent portion of lease liability	₱ 6,789,705	₱ 19,208,263

Operating lease commitments- PDP Energy as lessee

The future aggregate minimum lease payments under the said lease are as follows:

	2021	2020
Not later than 1 year	₱ 9,938,402	₱ 9,465,145
More than 1 year but not later than 5 years	7,729,869	17,668,271
	₱ 17,668,271	₱ 27,133,416

31. Changes in Liabilities Arising from Financing Activities

December 31, 2021	January 1, 2021	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Accretion of Interest	December 31, 2021
Long-term debt	₱ 227,142,857	₱ -	(₱ 151,428,571)	₱ -	₱ -	₱ -	₱ 75,714,286
Notes payable	23,166,200	-	-	-	-	-	23,166,200
Dividends payable	366,069,163	-	(725,217,672)	920,677,681	(42,000,000)	-	519,529,172
Lease liabilities	24,130,777	-	(9,421,290)	-	-	1,890,962	16,600,449
Total liabilities from financing activities	₱ 640,508,997	₱ -	(₱ 886,067,533)	₱ 920,677,681	(₱ 42,000,000)	₱ 1,890,962	₱ 635,010,107

December 31, 2020	January 1, 2020	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Noncash Movement	Foreign Exchange Movement	Accretion of Interest	December 31, 2020
Long-term debt	₱ 503,307,603	₱ –	(₱ 275,719,246)	₱ –	₱ –	(₱ 445,500)	₱ –	₱ 227,142,857
Notes payable	–	28,166,200	(5,000,000)	–	–	–	–	23,166,200
Dividends payable	283,974,578	–	(813,500,482)	937,595,067	(42,000,000)	–	–	366,069,163
Lease liabilities	37,374,645	–	(12,038,287)	–	(3,917,535)	–	2,711,954	24,130,777
Total liabilities from financing activities	₱ 824,656,826	₱28,166,200	(₱1,106,258,015)	₱ 937,595,067	(₱45,917,535)	(₱ 445,500)	₱ 2,711,954	₱ 640,508,997

December 31, 2019	January 1, 2019	Cash Flow for Availment	Cash Flows for Repayments	Dividend Declaration	Foreign Exchange Movement	Accretion of Interest	December 31, 2019
Notes payable	₱ 250,000,000	₱ –	(₱ 250,000,000)	₱ –	₱ –	₱ –	₱ –
Long-term debt	1,138,087,700	5,124,000	(635,732,071)	–	(4,172,026)	–	503,307,603
Dividends payable	285,828,593	–	(617,229,791)	615,375,776	–	–	283,974,578
Lease liabilities	46,397,325	–	(12,309,568)	–	–	3,286,888	37,374,645
Total liabilities from financing activities	₱1,720,313,618	₱ 5,124,000	(₱1,515,271,430)	₱615,375,776	(₱ 4,172,026)	₱ 3,286,888	₱ 824,656,826

32. 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. 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. 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, 2021 and 2020, losses, if any, from these commitments and contingencies will not have a material effect on the consolidated financial statements.

c. The other information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* are not disclosed as they many prejudice the Group's negotiation with third parties.

33. Notes to the Consolidated Statements of Cash Flows

The Group's noncash investing and financing activities in 2021 are as follows:

- Additions to property and equipment amounting to ₱197.5 million; and

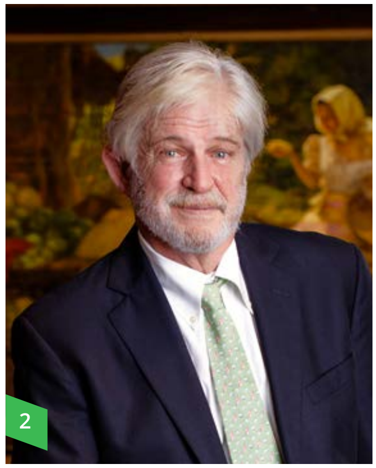
- Loans amounting to ₱23.2 million were rolled-over for another year.

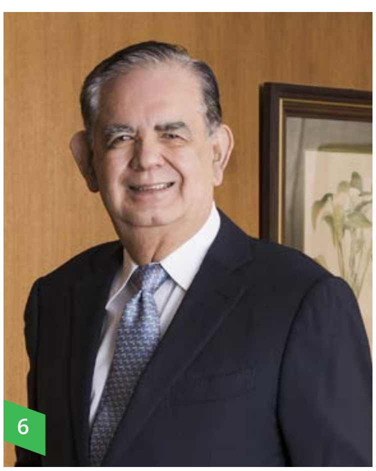
34. Subsequent Events

- On February 17, 2022, AI disposed and transferred all of its shares in AGP-SG, for a total consideration of $38.50 million (see Note 13).

- On February 23, 2022, the BOD approved the declaration of cash dividend of ₱0.50 per common share, payable on April 5, 2022 to common stockholders of record as at March 11, 2022.

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 III**

Officers & Corporate Directory

CORPORATE DIRECTORY

Corporate Social Responsibility Arm
The Andres Soriano Foundation, Inc. (ASF)
Andrews Avenue, Pasay City
(632) 8831-99-41 • (632) 8851-55-07
www.asorianofoundation.org

Address
7th Floor Pacific Star Building,
Makati Ave. cor Gil Puyat Ave. Ext.
1209 Makati City, Philippines

Post Office Box
1304 Makati Central Post Office
1252 Makati City, Philippines

Websites
www.anscor.com.ph
www.sorianogroup.com.ph

Telephone Numbers
(632) 8819-02-51 to 60

Fax Number
(632) 8811-50-68

External Auditors
SyCip Gorres Velayo & Co.

Stock Transfer Agent
Stock Transfer Service, Inc.
34th Floor, Unit D, Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Legal Counsels
Angara Abello Concepcion Regala & Cruz
Kapunan & Castillo
Picazo Buyco Tan Fider & Santos
Tan Acut Lopez & Pison

**** Assigned to AHI***
***** Assigned to ASF***

OFFICERS

ERNEST K. CUYEGKENG
Executive Vice President & Chief Financial Officer

WILLIAM H. OTTIGER
Senior Vice President & Corporate Development Officer/ Treasurer

NARCISA M. VILLAFLOR
Vice President & Comptroller

LORENZO D. LASCO*
Vice President

JOSHUA L. CASTRO
Vice President & Assistant Corporate Secretary

SALOME M. BUHION
Assistant Vice President

MARIA VICTORIA L. CRUZ
Assistant Vice President

LEMIA L. SIMBULAN**
Executive Assistant

LORNA P. KAPUNAN
Corporate Secretary

SUBSIDIARIES

A. Soriano Air Corporation
AFC Agribusiness Corporation
Anscor Consolidated Corporation
Anscor Holdings, Inc. (AHI)
Anscor International Inc.
IQ Healthcare Professional Connection, LLC
Island Aviation, Inc.
Minuet Realty Corporation
Pamalican Island Holdings, Inc.
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

Asia Partners I LP
ATRAM Investment Management Partners Corporation
Fremont Holdings, Inc.
KSA Realty Corporation
Navegar LP
Prople Limited
Sierra Madre Philippines I LP
Vicinetum Holdings, Inc.
Y-mAbs Therapeutics, Inc.

A. SORIANO CORPORATION

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

2021 information statement

A.SORIANO
CORPORATION

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 (ANSCOR or the Company) will be held on Wednesday, 20 April 2022 at 10:00 A.M. virtually at https://www.anscor.com.ph/2022-annual-stockholders-meeting-live-stream/. There will be no physical venue for the ASM.

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 13 April 2022. The Procedure for Registration, Participation and Voting in the 2022 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 14 April 2021 is posted in the Company's website. Please refer to pages 18 to 20 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, 2021.
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 8 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 years to continue based on meritorious justification/s and provided Stockholders' approval is secured. Please refer to pages 7, 8 and 10 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 28 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 18 March 2022 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 4 April 2022. 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 11 April 2022 from 11:00 A.M. to 12:00 noon.

Makati City, Philippines, 23 March 2022.

THE BOARD OF DIRECTORS
By:

LORNA PATAJO-KAPUNAN
Corporate Secretary

Annex "A"

Procedure for Registration, Participation and Voting in the 2022 Annual Stockholders Meeting of A. SORIANO CORPORATION

A. Soriano Corporation (the Company) will be conducting its Annual Stockholders Meeting (ASM) on 20 April 2022 at 10:00 AM virtually at https://www.anscor.com.ph/2022-annual-stockholders-meeting-live-stream/. There will be no physical venue for the ASM.

Each share of stock outstanding as of 18 March 2022 are entitled to participate and vote in the 2022 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 13 April 2022, 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 2022 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 2022 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 2022 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 2022 ASM please see section on Voting Procedure below.

5. For the Question and Answer portion during the 2022 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 2022 ASM but the Company will endeavor to respond to all the questions through email.

6. The proceedings during the 2022 ASM will be recorded as required by the Securities and Exchange Commission.

II. Voting Procedure:

Stockholders may vote during the 2022 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 not later than ten (10) working days prior to the ASM or not later than 4 April 2022.

   c. 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 2022 ASM or not later than 13 April 2022.

   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 20 April 2022 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 C. Capoy at mccapoy@stocktransfer.com.ph or Ma. Corazon P. Biag at mpbiag@stocktransfer.com.ph, or their telephone numbers 8403-3798 and 5310-1343.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1.	Check the appropriate box: / / Preliminary Information Statement	:	/ ✓ / Definitive Information Statement
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	:	20 April 2022, 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 at https://www.anscor.com.ph/2022-annual-stockholders-meeting-live-stream/
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 23 March 2022
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 28 February 2022	:	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	:	The Philippine Stock Exchange, Inc.

Information Statement

A. GENERAL INFORMATION

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

(a)

Date	:	Wednesday, 20 April 2022
Time	:	10:00 A.M.
Place	:	Virtual Meeting at https://www.anscor.com.ph/2022-annual-stockholders-meeting-live-stream/
Principal Office	:	7th Floor, Pacific Star Building Makati Avenue corner Gil Puyat Avenue 1209 Makati City, Philippines

(b) This information statement and the enclosed proxy form are posted in the Company's website and/or PSE Edge.

Item 2: Dissenter's Right of Appraisal

There are no corporate matters or action that will trigger the exercise by the stockholders of their Right of Appraisal under Section 80 of the Revised 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 stock and 500,000,000 shares of preferred stock outstanding and issued as of 18 March 2022. All the issued shares are entitled to vote on a one (1) share - one (1) vote basis. The Company has two (2) class of shares, common and preferred.

(b) Only stockholders of record on the books of the Company at the close of business on 18 March 2022 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 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 2022, 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*	42.411%
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	496,475,045	16.549%
Common	A-Z Asia Limited Philippines, Inc. Barrio Mabacan Calauan, Laguna (Stockholder)	A-Z Asia Limited Philippines, Inc. (Stockholder)	Filipino	161,546,329	5.385%
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	112,739,373	3,758%
Common & Preferred	A. Soriano Corp. Retirement Plan (Filipino) 7th Flr. Pacific Star Bldg., Makati City	A. Soriano Corp. Retirement Plan	Filipino	63,694,835** Common 500,000,000 Preferred	2.123% 16.667%

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

*** Includes 7,694,835 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.

A. Soriano Corporation Retirement Plan (the Plan) is a retirement benefit program established by the Company for the benefit of its employees. The Plan is administered by Trustees who are at the same time employees of the Company.

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 2022, 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	16.314%
Common	Eduardo J. Soriano	180,415,944	Direct/Indirect	Filipino	6.014%
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			22.332%

Lorna Patajo-Kapunan, William H. Ottiger, Lorenzo D. Lasco, Narcisa M. Villaflor, 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 2022 the foreign ownership level of total outstanding shares is 16.55%

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 2022.

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.

On March 1, 2022, Mr. Eduardo J. Soriano, the Vice Chairman, nominated 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 2022.

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. Except for Mr. William H. Ottiger, all the nominees are incumbent Directors of the Company.

The nominations for independent Directors complies with SRC Rule 38, which requires that a corporation with a class of equity securities listed for trading on the Philippine Stock Exchange or with assets in excess of Fifty Million Pesos (₱50,000,000.00) and having two hundred (200) or more holders, at least two hundred (200) of which are holding at least one hundred (100) shares of a class of its equity securities shall have at least two (2) independent Directors or such independent Directors shall constitute at least twenty percent (20%) of the members of such Board.

The three nominated independent Directors of the Company are Mr. Oscar J. Hilado, Mr. Alfonso S. Yuchengco III and Mr. Johnson Robert G. Go, Jr.

Mr. Hilado has been an independent Director of the Company for the last five years and has served as independent Director for more than nine years reckoned from the year 2012. The Company is allowed to retain an independent Director who has served for more than nine years to continue as long as meritorious justifications are 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 and Mr. Go, the other nominees for independent Directors were first elected as Directors in 2019 while Mr. Ottiger, another nominee for Director, is a first time nominee, 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 while Mr. Go is a Director of the Company since 2019 but is a first time nominee as an independent Director.

The three nominated independent Directors 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 70, 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 67, 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 75, 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 (2008 to present) and President (since 2021) of Seven Seas Resorts and Leisure, Inc.; 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 84, 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; Vice 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 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), Republican College (March 2020 to present), Rizal College of Laguna (October 2020 to present) Manila Cordage Corporation (1986 to present); Independent Director of Philex Mining Corporation (December 2009 to present), Metro Pacific Investments Corporation (May 2021 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).

WILLIAM H. OTTIGER, age 54, Swiss, Senior Vice President and Corporate Development Officer (2013 to present); Treasurer of the Company (2018 to present); Director of Anscor International, Inc. (2021 to present); Director of Phelps Dodge International Philippines, Inc. (April 2016 to present); Director of Seven Seas Resorts and Leisure, Inc. (2019 to present); Director of ATRAM Trust Corporation (2019 to present); Director of ATR Asset Management, Inc. (2019 to present); Director of AG&P International Holdings Pte. Ltd. (2014 to 2022); Director of Prople Limited (2010 to present). Formerly CEO of Cirrus Medical Staffing, Inc. (USA), an Anscor portfolio investment sold in 2017; UBS Investment Bank, London (UK) and San Miguel Brewing Hong Kong Ltd. Graduate of Washington & Lee University, B.A. European History, (1990); London Business School, MBA, (2001).

ALFONSO S. YUCHENGCO III, age 62, 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 for the period April 14, 2021 to April 19, 2022:

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

On April 20, 2022, the Board of Directors will elect the members of the different Board Committees during the Organizational Meeting of the Board of Directors to serve for the ensuing year.

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

LORNA PATAJO-KAPUNAN, age 69, 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 2021); 2021 Corporate Int'l Global Awardee.

LORENZO D. LASCO, age 59, 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).

NARCISA M. VILLAFLOR, age 59, 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 and A. Soriano Air 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).

JOSHUA L. CASTRO, age 47, 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 49, 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 57, 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 2022, 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 Relationship and Related 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		
		2020 Actual	2021 Actual	2022 (Estimate)
Andres Soriano III	Chairman & Chief Executive Officer			
Ernest K. Cuyegkeng	Executive Vice President & Chief Financial Officer			
William H. Ottiger	Senior Vice President, Treasurer & Corporate Development Officer			
Narcisa M. Villaflor	Vice President & Comptroller			
Lorenzo D. Lasco	Vice President			
Joshua L. Castro	Vice President & Assistant Corporate Secretary			
Salome M. Buhion	Assistant Vice President-Accounting			
Ma. Victoria L. Cruz	Assistant Vice President			
Executive Directors*				
Salaries		36,700,000	36,940,000	40,046,000
Bonus		35,500,000	-	45,200,000
		72,200,000	36,940,000	85,246,000
Other Executive Officers**				
Salaries		17,237,950	16,829,244	22,094,675
Bonus		21,900,000	-	33,600,000
Benefits		1,775,523	2,513,949	1,916,916
		40,913,473	19,343,193	57,611,591
Subtotal Executive Directors and Officers		113,113,473	56,283,193	142,857,591
Non-Executive Directors***				
Consultancy Fee		4,642,857	4,642,857	4,642,857
Bonus		13,571,429	-	19,304,286
Directors Fees		700,000	760,000	620,000
Subtotal Non-Executive Directors		18,914,286	5,402,857	24,567,143
Total		**132,027,759**	**61,686,050**	**167,424,734**

* *Executive Directors include members of the Board of Directors who are at the same time Executive Officers.*

** *Other Executive Officers include Executive Officers who are not members of the Board of Directors*

*** *Non-Executive Directors include members of the Board of Directors who are not at the same time Executive Officers of the Company.*

(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 2021, is Ms. Dhonabee B. Señeres, who is on her third 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
2021	₱	**1,320,000**
2020	₱	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
The consultancy and other fees paid by the Company to SGV for the year 2021 amounted to ₱1,352,000.

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, 2021, 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 "Annex F", pages 13 to 111 of the Annual Report attached hereto).
2. "Annex B", management discussion and analysis and plan of operation (please see pages 30 to 53 of the Definitive Information Statement); and
3. "Annex B", changes in and disagreements with accountants on accounting and financial disclosure. (please see page 52 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 2021. There is no restatement of accounts to disclose.

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 14 April 2021

The Minutes of Annual Meeting of Stockholders of the Company held on 14 April 2021 ("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, copies of the Minutes shall be posted at the meeting site.

Summary of the Minutes of 14 April 2021:

In the Annual Stockholders' Meeting the following were taken up:

1. Approval of the minutes of previous meeting.
2. Presentation of the Chairman and Chief Executive Officer's Message to Stockholders.
3. Election of members of the Board of Directors.
4. Approval of 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. Re-appointment of SGV & Co. as external auditors of the Corporation.
6. Ratification of all acts, contracts, investments and resolutions of the Board of Directors and Management since the last 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 2021 Audited Financial Statements

The Audited Financial Statements of the Company for the period ended 31 December 2021 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 14 April 2021 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 14 April 2021. 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 2021 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 April 14, 2021 which are the subject of ratification by the stockholders.

Requirements under Section 49 of the Revised Corporation Code of the Philippines

(a) Pursuant to the Procedure for the Registration, Participation and Voting in the 2021 Annual Stockholders Meeting (ASM) of the Company, the stockholders have the option of voting either (1) by Proxy or (2) by voting in absentia through the Company's Online Stockholder Voting System. All the stockholders who attended the virtual ASM either by Proxy or by registration via email elected to vote by Proxy. Hence, the Corporate Secretary voted the shares covered by the Proxies from stockholders in accordance with the instructions given by the stockholders in the Proxy Forms. The Company's stock transfer agent, Stock Transfer Service, Inc. validated the Proxy Forms and the votes cast during the ASM.

(b) In accordance with the Procedure for the Registration, Participation and Voting in the 2021 ASM, the stockholders were given the opportunity to send their questions for the Question and Answer portion of the ASM by email to registration@anscor.com.ph. The following is the record of the Question read by the Corporate Secretary and responded to by the Chairman during the ASM:

> Corporate Secretary: The question is - With the continuing situation in our country due to the Covid-19 pandemic and the re-imposition of the enhanced community quarantine in Metro Manila and nearby provinces, what steps have the Company undertaken in order to ensure the viability of its businesses?

Chairman: As we have done last year, we continue to focus on the health and safety of our employees as well as the health and safety of the customers and guests of our businesses. Since the start of the lockdown n March 2020 and up to the present, we have implemented a work from home arrangement for many of our employees. We strictly follow the health and safety protocols for private companies issued by the government in all of our work premises.

We are pleased to inform you also that we have ordered Moderna vaccines through the ICTSI Foundation which we will provide free of charge to all our employees of Anscor and its subsidiaries.

We have weathered the challenges of the pandemic last year and we are confident that we will do so again this year. Your company is in good position to take advantage of opportunities once we recover from the effects of the pandemic.

(c) The following are matters discussed and resolutions reached during the 2021 ASM:

1. Approval of the minutes of the 17 June 2020 Annual Meeting of Stockholders;
2. Approval of the 2020 Annual Report of the Corporation;
3. Election of the Members of the Board of Directors;
4. Approval for the continuation of Mr. Oscar J. Hilado to act as Independent Director;
5. Appointment of the External Auditor; and
6. Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2020 ASM.

(d) The following are the voting results for each agenda item during the 2021 ASM:

Agenda Item	For	Against	Abstain
Approval of the minutes of the 17 June 2020 Annual Meeting of Stockholders	2,272,195,584	0	0
Approval of the 2020 Annual Report of the Corporation	2,272,195,584	0	0
Election of the Members of the Board of Directors:			
a. Andres Soriano III	2,272,195,584	0	0
b. Eduardo J. Soriano	2,272,195,584	0	0
c. Ernest K. Cuyegkeng	2,272,195,584	0	0
d. Johnson Robert Go, Jr.	2,272,195,584	0	0
e. Oscar J. Hilado	2,272,195,584	0	0
f. Jose C. Ibazeta	2,272,195,584	0	0
g. Alfonso S. Yuchengco III	2,272,195,584	0	0
Approval for the continuation of Mr. Oscar J. Hilado to act as Independent Director	2,272,195,584	0	0
Appointment of SGV & Co. as External Auditor	2,272,195,584	0	0
Ratification of all acts, contracts and resolutions of Management and the Board of Directors since the 2020 ASM	2,272,195,584	0	0

(e) The following are the directors and officers and stockholders who attended the 2021 ASM;

Directors and Officers:

1. Andres Soriano III
2. Eduardo J. Soriano
3. Ernest K. Cuyegkeng
4. Johnson Robert Go, Jr.
5. Oscar J. Hilado
6. Jose C. Ibazeta
7. Alfonso S. Yuchengco III
8. Atty. Lorna Patajo-Kapunan
9. William H. Ottiger
10. Lorenzo D. Lasco
11. Narcisa M. Villaflor
12. Atty. Joshua L. Castro
13. Salome M. Buhion
14. Ma. Victoria L. Cruz

Stockholders:

1.	Anscor Consolidated Corporation
2.	Citibank N.A. (PCD Nominee)
3.	Deutsche Bank AG Manila Br. (PCD Nominee)
4.	A-Z Asia Ltd. Philippines, Inc.
5.	Universal Robina Corporation
6.	Phil. International Life Insurance Co.,Inc.
7.	A. Soriano Corporation Retirement Plan
8.	C & E Property Holdings, Inc.
9.	EDMEN Property Holdings, Inc.
10.	MCMS Property Holdings, Inc.
11.	Express Holdings, Inc.
12.	EJS Holdings, Inc.
13.	DAO Investment & Management Corp.
14.	Balangingi Shipping Corporation
15.	Jocelyn C. Lee
16.	Lennie C. Lee
17.	Jose C. Lee
18.	JG Summit Holdings, Inc.
19.	Santiago Tanchan, Jr.
20.	Constantine Tanchan
21.	Imelda P. Tagudar
22.	Santiago Tanchan III
23.	Communications Electrical Equipment
	and Supply Co., Inc.
24.	A. Soriano Corp. Fractional Shares
25.	Camilo Orlanes De Leon, J
26.	John Lance Gokongwei
27.	Andres Soriano III
28.	Johnson Robert G. Go, Jr.
29.	Eduardo J. Soriano
30.	Ernest K. Cuyegkeng
31.	Jose C. Ibazeta
32.	Oscar J. Hilado
33.	Alfonso S. Yuchengco III
34.	Erlinda D. Santos
35.	China Bank Securities (PCD Nominee)
36.	Victorio V. Gomez, Jr.
37.	Sylvia A. Ibazeta
38.	Jose C. Ibazeta Acct. #2
39.	Julius Victor J. Sanvictores

(f) Material information on the current stockholders voting rights were provided during the 2021 ASM. Specifically, the Corporate Secretary informed the stockholders during the meeting that 2,272,195,684 shares of stock or 90.89% of the issued and outstanding capital stock of the Company were represented at the ASM by proxy or were present through remote communication in accordance with the procedure for the ASM. On the voting rights, the Proxy Form and the Information Statement of the Company provides that each share of stock outstanding as of the record date shall be entitled to one vote on all matters.

g) There are no transaction to which the Company was a party in which any of the Directors have material interest.

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 the shareholders for Mr. Oscar J. Hilado to continue to act as an independent Director of the Company. The Company is allowed to retain an independent Director who has served for more than nine 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 and Mr. Go, the other nominees for independent Directors were first elected as Directors in 2019 while Mr. Ottiger, another nominee for Director, is a first time nominee, 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.

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 2022 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 4 April 2022.
   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 2022 ASM or not later than 13 April 2022.

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 20 April 2022 to cast their votes.

d. All agenda items indicated in the Notice of Meeting will be included in the Online Stockholder Voting System and the registered stockholder may vote as follows:

    i. For items other than election of the Directors, the stockholder may vote: “For”, “Against”, or “Abstain”. The vote shall be considered as cast for all the stockholder’s shares.

    ii. For the election of Directors, the stockholder may vote for all the nominees, not vote for any of the nominees, or vote for some of the nominees only, in such number of shares as the stockholder may see fit, provided that the total number of votes cast shall not exceed the number of shares owned, multiplied by the number of Directors to be elected.

e. Once voting is completed in the Online Stockholder Voting System, the stockholder shall proceed to click on the “Submit” button which shall complete the process. Once submitted, the stockholder may no longer change the votes cast. The votes cast in absentia will have equal effect as votes cast by proxy.

Other Matters

As of the date hereof, there are no other matters which the Board of Directors intends to present or has reason to believe others will present at the meeting. If other matters come before the meeting, the proxy holders will vote in accordance with his best judgment with respect to such matters that are not known to the solicitors at a reasonable time before the solicitation is made.

The Company shall provide to the stockholders, without charge, on written request the Annual Report of the Company on SEC Form 17- A, and list of stockholders as of record date. All such requests for a copy of the Annual Report, and list of stockholders shall be directed to the Corporate Secretary, 7th Floor, Pacific Star Building, Makati Avenue corner Gil Puyat Avenue, Makati City, Philippines.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 23 March 2022.

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 14, 2021 to February 23, 2022

1. Board Meeting held on April 14, 2021

1.1 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, 2020.

1.2 RESOLVED, as it is hereby resolved, that the Corporation through Anscor International, Inc. is hereby authorized to invest the amount of US$6.00 million in Asia Partners I LP under such terms and conditions as may be for the best interest of the Corporation.

RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng is hereby authorized to sign any all documents that may be required to give full force and effect to this resolution.

1.3 RESOLVED, as it is hereby resolved, that the Integrated Annual Corporate Governance Report (I-ACGR) of the Corporation for the year 2020 pursuant to SEC Memorandum Circular No. 15, Series of 2017 is hereby approved.

1.4 RESOLVED, as it is hereby resolved, that the Corporation approved the upliftment of the Corporation's i-People, Inc. shares which are lodged with ATRAM Trust Corporation.

RESOLVED, FURTHER, that Mr. Ernest Kenneth S. Cuyegkeng, Executive Vice President and Chief Financial Officer, is hereby authorized to sign, execute and deliver, on behalf of the Corporation any and all documents as may be required to give full force and effect to this resolution.

2. Board Meeting held on July 21, 2021

2.1 RESOLVED, as it is hereby resolved, that the Corporation through Anscor International, Inc. is hereby authorized to invest the amount of US$835,278.00 in AP I Tycho Pte. Ltd. which will in turn invest in SCI under such terms and conditions as may be for the best interest of the Corporation.
RESOLVED, FURTHER, that Mr. Ernest K. Cuyegkeng is hereby authorized to sign any all documents that may be required to

give full force and effect to this resolution.

2.2 RESOLVED, as it is hereby resolved, that the Board of Directors of the Corporation hereby approves the additional investment of Anscor International, Inc. in Wholesome Spirits, Inc. amounting to US$500,000.00.

3. Board Meeting held on November 17, 2021

RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a special cash dividend of Twenty Five Centavos (₱0.25) per share on the common stock of the Corporation, payable on December 27, 2021, to all stockholders of record as of the close of business on December 3, 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.

4. Board Meeting held on February 23, 2022

4.1 RESOLVED, as it is hereby resolved, that the audited Financial Statements of A. Soriano Corporation for the year ended December 31, 2021 is hereby approved.

4.2 The Board proceeded to approve the record date, proxy validation date and the date of the Annual Stockholders' Meeting as follows:

i) Record Date – March 18, 2022
ii) Proxy Validation Date – April 11, 2022
iii) Date of Stockholders' Meeting – April 20, 2022

4.3 RESOLVED, as it is hereby resolved, that there is hereby declared out of the surplus profits of the Corporation, a regular cash dividend of Fifty Centavos (₱0.50) per share on the common stock of the Corporation, payable on April 5, 2022, to all stockholders of record as of the close of business on March 11, 2022, 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 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 2021, the Company's consolidated total assets stood at ₱23.6 billion. For the year ended 31st December 2021, consolidated revenues of the Company amounted to ₱11.4 billion.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2021:

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 Healthcare Investment Ltd.	100%	Holding Company	British Virgin Island

Company	Ownership	Business	Jurisdiction
IQ Healthcare Professional Connection, LLC	93%	Inactive	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
Summerside Corporation	100%	Holding Company	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
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		
	2021	2020	2019
REVENUES			
Sale of goods – net	₱ **8,751,667**	₱ 6,448,195	₱ 8,208,375
Services	**1,013,454**	767,570	1,342,390
Dividend income	**399,429**	259,109	373,587
Interest income	**53,534**	82,204	124,478
	10,218,084	7,557,078	10,048,830
INVESTMENT GAINS (LOSSES)			
Gain (loss) on increase (decrease) in market values of FVPL investments	**1,124,061**	(76,521)	1,151,784
Gain on sale of FVOCI investments	**532**	1,150	11,860
	1,124,593	**(75,371)**	**1,163,644**
EQUITY IN NET EARNINGS (LOSSES) AND IMPAIRMENT LOSS ON INVESTMENTS IN ASSOCIATES	**11,410**	(598,006)	(517,090)
TOTAL	**11,354,087**	6,883,701	10,695,384
INCOME BEFORE INCOME TAX	**2,917,745**	460,045	2,367,750
PROVISION FOR INCOME TAX	**380,152**	291,320	429,373
NET INCOME	**2,537,593**	168,725	1,938,377
OTHER COMPREHENSIVE INCOME (LOSS)	**176,601**	(189,753)	(101,982)
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **2,714,194**	(₱ 21,028)	₱ 1,836,395
Net Income Attributable to:			
Equity holders of the Parent	₱ **2,504,080**	₱ 165,647	₱ 1,843,615
Noncontrolling interests	**33,513**	3,078	94,762
	₱ **2,537,593**	₱ 168,725	₱ 1,938,377
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent	₱ **2,680,681**	(₱ 24,106)	₱ 1,741,633
Noncontrolling interests	**33,513**	3,078	94,762
	₱ **2,714,194**	(₱ 21,028)	₱ 1,836,395
Earnings Per Share			
Basic/diluted, for net income attributable to equity holders of the Parent	₱ **2.04**	₱ 0.13	₱ 1.53
Basic/diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	₱ **2.18**	(₱ 0.02)	₱ 1.44

Financial Performance in 2021

Anscor registered a net income of ₱2.5 billion in 2021, a significant improvement from the ₱165.6 million net profit posted in 2020.

Despite the challenges, Phelps Dodge Philippines Energy Products Corporation generated a record net profit of ₱909.9 million, and Seven Seas Resorts and Leisure, Inc. reported a net income of ₱77.7 million.

The Philippine Stock Exchange Index ended the year on par with last year's level. Nevertheless, Anscor's domestic investment portfolio generated a gain of ₱1.8 billion, driven by a 62% increase in market value of the International Container Terminal Services, Inc. Overall, Fair Value through Profit and Loss investments gained ₱1.1 billion for the year, from a loss of ₱76.5 million for 2021.

Higher dividend income, foreign exchange gains and equity in net earnings were registered during the year. The prospects for Anscor's investments in domestic and foreign private equities remain strong.

Anscor paid a total cash dividend of ₱0.75 per share in 2021: ₱0.50 per share on April 14, 2021, and ₱0.25 per share on December 27, 2021. The Company's book value per share increased from ₱15.23 to ₱16.67 as of December 31, 2021.

With the easing of pandemic restrictions and strong company profits, the Company expect that the economy will continue to improve in 2022.

The Soriano Group Operations

PHELPS DODGE INTERNATIONAL PHILIPPINES, INC. (PDP)

The year 2021 started with optimism that the effects of COVID-19 on public health and the economy would be resolved as vaccines arrived. As such, PDP saw a resurgence of orders in the first quarter of 2021 as customers rushed to complete their delayed projects and to begin new ones.

With infection rates increasing again and another lockdown imposed at the start of the third quarter, business slowed, affecting the company's growth trajectory for the year.

Despite the slowdown in the second half, the business-to-business segment continued to be strong. PDP's vision to provide the best solutions to meet the electrical requirements of customers included new innovative products that help clients to reduce costs and a fast response system to meet their needs.

The Company's focus on the communication and energy sector were rewarded with a large increase in orders, offsetting the slowdown in the commercial sector.

PDP's retail side saw a reduced demand. Sales were higher than last year but were below expectations. Many small and medium projects were put on hold due to the sudden surge in copper prices and the rise in construction material costs.

The company faced multiple challenges throughout the year. The worldwide supply disruption delayed delivery of materials to some customers. To solve this, the company increased its purchase of copper and other critical materials and parts. Though higher metal costs increased PDP's working capital requirements, the company's strong balance sheet enabled it to meet its needs.

COVID-19 infections rose in the third quarter, affecting PDP's workforce and challenging the scheduling process and to their credit, they were able to rise to the challenge.

While sales were marginally higher in 2021, and below pre-pandemic levels, higher metal costs and selling prices enabled the company to post profits of ₱909.9 million.

To prepare for the economy's return to pre-pandemic levels in the second half of 2022 or in early 2023, the company continued to expand its production capacity and infrastructure, increase its investments in promotion and marketing activities, and enable critical management development.

PDP will continue to ensure the safety and wellness of its workforce through the consistent implementation of strict health and safety protocols to minimize if not totally eliminate work disruptions due to the pandemic and accidents.

SEVEN SEAS RESORTS AND LEISURE, INC. (OWNER OF AMANPULO RESORT)

Amanpulo continued to gain momentum in the domestic market through its partnerships, new product offerings, and absolute focus on health and safety of guests, team members, and communities. Occupancy improved from 36.9% to 40.0%. In 2021, revenues reached ₱836.1 million from ₱646.3 million, and consolidated net income rose to ₱77.7 million from a break even in 2020.

A webpage for local offers was launched, supported by sustained social media advertisements and direct mail campaigns. The Resort has become a favorite venue for weddings.

The company began constructing five new premium beach pool casitas that will expand the Resort's product offering.

Amanpulo was officially certified for ISO 22000:2018 FMS, a globally recognized food safety standard, and is one of just six hotels in the Philippines to achieve this feat.

Amanpulo's Marine Conservation Program reached its targeted hatchlings for the year, increased coral rejuvenation and saw the area's fish population rise. The island will continue with its commitment to the sustainability of its surrounding sea and island communities.

Amanpulo received the citation as the "Best Ever Hotel Worldwide" in the January 2021 edition of the Gallivanter's Guide while Destination Deluxe Magazine awarded Amanpulo third place as the "Private Island of the Year." World Travel Awards named the Resort "Asia's Leading Private Island Resort 2021," the "Philippines' Leading Luxury Hotel Villa 2021" and the "Philippines' Leading Private Island Resort 2021." For the second consecutive year, Amanpulo won as the "Philippines' Best Resort Spa 2021" in the World Spa Awards.

ATRAM INVESTMENT MANAGEMENT PARTNERS CORPORATION (ATRAM)

ATRAM performed strongly in 2021 as its assets under management (AUM) increased to ₱174.0 billion, a 33% growth from the previous year. The increase in AUM was attributed to positive net fund inflows of ₱30.0 billion, driven by strong client interest in global fund products. ATRAM Group's revenues jumped by 57% to ₱727.0 million in 2021 from ₱463.0 million in 2020.

ATRAM, in collaboration with its affiliate Seedbox, launched four new funds on GCash through GInvest, the investment platform that gives Filipinos access to fund products for low investment amounts. Through this collaboration, ATRAM's retail client base increased to over one million active investors at the end of 2021.

The company raised brand awareness and launched digital marketing initiatives by holding the Finspire Summit, one of the largest online investment conferences in the Philippines.

The Asian Investor awarded ATRAM as the "Best Local Fund House in the Philippines" for 2021, its fourth award of this kind in the last seven years. The company was recognized as the "Fastest Growing Fund Management Company" in the 2021 Global Banking and Finance Awards and received the "Most Innovative Mutual Fund Offerings" award from The Global Economics Awards 2021.

ATRAM continued to target its digital transformation. System upgrades and application development began in 2021. These are ready to extend its reach through various contact channels with a wide selection of investment solutions and an enhanced digital experience.

KSA REALTY CORPORATION (owner of the Enterprise Center)

Office leasing in the Philippines shrunk amid the COVID-19 pandemic, the extension of the work-from-home setup in many companies and the uncertainties posed by upcoming elections.

After careful review, some concessions were granted to tenants of The Enterprise Center (TEC) who sustained losses due to their inability to operate at optimal rates.

TEC's average effective rent increased from ₱1,502 per sq.m. in 2020 to ₱1,539 per sq.m. in 2021. Despite this, operating income decreased in 2021 as average occupancy during the year fell to 80%, as compared to last year's 95%. Net income stood at ₱1.3 billion.

KSA declared ₱1.3 billion in dividends in 2021, of which ₱185.6 million was paid to Anscor.

STARTUP AND PRIVATE EQUITY VENTURES

A portion of the Company's assets is dedicated to private equity funds and early-stage opportunities.

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

Y-mAbs has an 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 and a second approval is expected in 2022. After performing extremely well in 2020, Y-mAbs stock price fell dramatically in 2021, along with the wider biotech sector.

The Company invested US$5.0 million in ***Macquarie ASEAN Technology Investments Holdings II LP*** in 2018, 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 a leading market share in seven countries, including the Philippines.

In December 2021, Grab was listed on the Nasdaq via a special purpose vehicle. At the end of December 2021, Anscor reported an increase in value of this investment of ₱129.5 million.

Anscor has committed US$20.0 million to ***Navegar I LP, Navegar II LP*** and ***Sierra Madre Philippines I LP***, three Philippine-focused private equity funds. Investments are diversified across e-commerce, business process outsourcing, information technology, casual dining, logistics, and education.

In March 2021, Anscor committed US$6.0 million to ***Asia Partners I LP***, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia.

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	
	2021	2020
Revenues (excluding investment gains or losses)	**1,466,407**	1,599,751
Investment Gains (Losses)	**1,984,265**	(730,936)
Net Income	**3,359,704**	569,610
Total Comprehensive Income	**3,402,617**	569,407
Earnings Per Share		
Net Income	**1.34**	0.23
Total Comprehensive Income	**1.36**	0.23
Market Price Per Share (PSE)	**7.95**	6.60

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

PDP Energy and PDIPI

In Million Pesos

	12/31/2021	12/31/2020	12/31/2019
1. Net sales	**8,752**	6,448	8,208
2. Gross profit	**1,603**	1,366	1,546
3. Net income	**910**	692	804

Seven Seas Group

In Million Pesos

	12/31/2021	12/31/2020	12/31/2019
1. Occupancy rate	**40.0%**	36.9%	54.2%
2. Hotel revenue	**836.1**	646.3	1,140.9
3. Gross operating profit (GOP)	**327.8**	207.3	537.3
4. GOP ratio	**39.2%**	32.1%	47.1%
5. Resort net income	**64.6**	(9.5)	223.6
3. Lease net income	**13.1**	13.9	12.5
4. Consolidated net income	**77.7**	4.3	236.1

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 has adapted to the times of the pandemic and there is a growing optimism that a real recovery has begun, with many economists projecting growth in the mid-single digits. Higher vaccination rates, the transition to a new national dispensation in mid-2022 and expected stimulus of the economy, all bode well for the future.

The fundamentals of each Anscor subsidiary will continue to see it through in 2022. PDP will benefit from a recovery in growth, Amanpulo expects to welcome back foreign guests very soon, and a return to in-person work augurs well for occupancy in The Enterprise Center.

Anscor's balanced portfolio of operating and financial assets, liquidity and efficient operations will continue to reward shareholders with steady income.

Employees

The Company and the Group as of December 31, 2021, has 22 and 686 employees, respectively. Breakdowns are as follows:

	Parent	Subsidiaries	Group
Management	10	173	183
Rank and file	12	491	503
TOTAL	22	664	686

- 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 unit A and D, 8th Floor, at 8 Rockwell, Hidalgo Drive, Rockwell Center, Makati City.

Information regarding properties of major subsidiaries and affiliates are:

- PDP Energy plants are situated on an 18.4 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 64 villa rooms are available for rent under the management agreement executed by PRI and the villa owners as of December 31, 2021.
- 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, 2021 versus December 31, 2020.

The discussions below were based on the consolidated balance sheet of the Company and its subsidiaries as of December 31, 2021 and 2020.

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

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

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the ₱1.1 billion increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net addition for the period amounted to ₱458.4 million and unrealized foreign exchange gain related to foreign denominated investments amounted to ₱72.6 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

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

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 increase in prepaid taxes of the resort.

Fair Value Through Other Comprehensive Income Investments (FVOCI) – noncurrent

Net decrease in this account amounted to ₱47.7 million. The decrease can be attributed to net disposal of ₱47.5 million and the decline in market value of the FVOCI investments of ₱2.7 million, partially offset by unrealized foreign exchange gain of ₱2.5 million.

Notes Receivable

The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances

The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to ₱11.4 million.

Property, Plant and Equipment - net

Increase amounted to ₱63.6 million due to additions to property and equipment of ₱340.1 million that was mainly attributable to capital expenditures of the manufacturing, resort and aviation subsidiaries, reduced by depreciation charged to operations amounting to ₱276.6 million.

Investment Properties - net

Decrease was mainly due to depreciation amounting to ₱14.7 million and impairment losses of ₱24.8 million, partially offset by additions to properties of ₱3.9 million.

Retirement Plan Assets

Change in the retirement plan asset arises mainly from fair value adjustments of the underlying assets of the retirement plan of the Group.

Deferred Tax Assets

Decrease in the account was mainly due to the deferred tax effect on the reversal of foreign exchange loss of the parent company.

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 increased in deposits to suppliers related to capital expenditure requirements of the resort.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries as a result of increased volume of their businesses.

Dividends Payable
Dividends payable represents mainly dividend checks that were returned by the post office and which remained outstanding as of December 31, 2021 due to problematic addresses of some of the Company's stockholders. Last cash dividend payment of ₱0.25 per share to shareholders was on December 27, 2021.

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 by the payments made in 2021.

Income Tax Payable
Movement in the account was attributable to tax provision of the resort, aviation and wire manufacturing subsidiaries for 2021, partially offset by income taxes paid during the year by the Group. The reduction of the income tax rate from 30% to 25% contributed to the decrease in income tax payable of the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to ₱151.4 million loan paid by PDP.

Deferred Income Tax Liabilities
Increase in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

Retirement Benefits Payable
Decrease resulted mainly from payment of contribution to the plan.

Other noncurrent liabilities
Slight decrease in the account balance was mainly due to collection of the resort from villa owners for future facilities.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of US$ vis-à-vis Philippine peso, CTA balance increased by ₱126.9 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, 2021.

Remeasurement on Retirement Benefits
Movement in the account was mainly due to the increase in fair value of the underlying assets under the retirement plan.

Noncontrolling Interest (equity portion)
Increase was mainly due to share of minority shareholders in the net income of the resort and aviation subsidiaries for the year 2021.

Others
There were no commitments for major capital expenditures in 2021.

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, 2021 as compared to consolidated results for the year ended December 31, 2020:

Revenues
This year's consolidated gross revenues of ₱11.4 billion was higher from last year's revenue of ₱6.9 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

Cost of Goods Sold
Increase in cost of goods sold was mainly attributable to higher copper cost of the wire manufacturing subsidiary and increased volume of products sold.

Services Rendered
Increase in cost of services rendered was due to higher occupancy rate of the resort subsidiary.

Operating Expenses
The Group reported an increase in operating expenses for 2021 due to higher volume of business of the manufacturing and resort subsidiaries, offset by lower operating cost of the parent company.

Interest Expense
Interest expense in 2021 was lower than 2020 due to payment of loan by PDP.

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

Provision for Income Tax - Net
Movement in the account was mainly due to the higher provision for deferred income tax of the parent company for the increase in market value of its FVPL investments and rise in unrealized foreign exchange gain.

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019 (as reported in 2020 SEC 17-A)

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.

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, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- Amendment to PFRS 16, COVID-19-related Rent Concessions beyond 30 June 2021

The amendment provides 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, 2022; 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 is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, 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 Group adopted the amendments beginning January 1, 2021.

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, 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.

The amendments are not expected to have a material impact on the Group.

- 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 per cent' test for derecognition of financial liabilities

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

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

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

  The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, Definition of Accounting Estimates

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

    The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024.

Effective beginning on or after January 1, 2025
- 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 2021 and onwards.

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

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

- There is no other change in composition of the registrant, no restructuring, except the business combination mentioned above.

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

Financial Statements

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

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 2021 and the Statement of Management Responsibility are attached to the 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 2021, is Ms. Dhonabee B. Señeres, who is on her third 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
2021	**₱ 1,320,000.00**
2020	₱ 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

Tax consultancy and other fees paid by the Company to SGV for the year 2021 amounted to ₱1,352,000.

IV. Market Price of Shares and Dividends

The Principal Market where the registrant's Common equity is traded:

Philippine Stock Exchange
Latest Market Price – **18 March 2022**

Previous close	High	Low	Close
8.45	**8.86**	**8.86**	**8.86**

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

	2021		2020	
Quarter	**High**	**Low**	High	Low
First	**7.80**	**6.00**	6.71	5.70
Second	**7.10**	**6.37**	6.26	5.90
Third	**7.50**	**6.10**	7.95	6.00
Fourth	**8.00**	**6.81**	8.50	6.20

Source: PSE Report

The total number of stockholders/accounts as of 28 February 2022 is 11,067 holding 2,500,000,000 shares of common stock and 1 stockholder holding 500,000,000 preferred shares

Dividends

In 2021, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	**0.50**	**18-Feb-2021**	**17-Mar-2021**	**14-Apr-2021**
Special	**0.25**	**17-Nov-2021**	**3-Dec 2021**	**27-Dec-2021**

The cash dividends declared by the Board of Directors in 2020 was:

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

On February 23, 2022, the Board of Directors declared the following cash dividends:

Classification	Peso Rate Per Share	Declaration Date	Record Date	Payable Date
Regular	0.50	23-Feb-2022	11-Mar-2022	05-Apr-2022

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 2021, the Company has sufficient retained earnings available for dividend declaration.

The top 20 stockholders as of 28 February 2022 is broken down as follows:

Stockholder Name	Type	Number of Shares	% of Ownership
1. Anscor Consolidated Corporation	Common	1,272,329,761*	42.411
2. A. Soriano Corporation Retirement Plan	Common Preferred	63,694,835** 500,000,000	2.123 16.667
3. PCD Nominee Corp. (Non-Filipino)	Common	496,475,045	16.549
4. A-Z Asia Limited Philippines, Inc.	Common	161,546,329	5.385
5. PCD Nominee Corp. (Filipino)	Common	112,738,789	3.758
6. Universal Robina Corporation	Common	64,605,739	2.154
7. Philippines International Life Insurance Co., Inc.	Common	57,921,593	1.931
8. C & E Property Holdings, Inc.	Common	28,011,922	0.934
9. Edmen Property Holdings, Inc.	Common	27,511,925	0.917
10. MCMS Property Holdings, Inc.	Common	26,513,928	0.884
11. Express Holdings, Inc.	Common	23,210,457	0.774
12. EJS Holdings, Inc.	Common	15,518,782	0.517
13. DAO Investment & Management Corp.	Common	8,628,406	0.288
14. Philippine Remnants Co., Inc.	Common	7,556,183	0.252
15. Balangingi Shipping Corporation	Common	2,767,187	0.092
16. Leonardo Siguion Reyna	Common	2,625,000	0.088
17. Lennie C. Lee	Common	2,000,000	0.067
18. Jocelyn C. Lee	Common	2,000,000	0.067
19. Jose C. Lee	Common	1,798,000	0.060
20. F. Yap Securities, Inc.	Common	1,361,011	0.045
Total		2,878,814,892	95.91

** Included 122,287,251 shares of Anscor Consolidated Corporation with ATRAM.*
*** Included 7,694,835 shares lodged with PCD Nominee Corp. (Filipino).*

On August 9, 2021, a Subscription Agreement was entered into between the Company and A. Soriano Corporation Retirement Benefit Plan (the Plan) for the sale and issuance to the Plan of 500,000,000 preferred shares with par value of P0.1 per share for the total subscription price of P5,000,000.00. The issuance of the preferred shares to the Plan qualifies as an exempt transaction pursuant to Section 10.1 (k) of the Securities Regulation Code.

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 2022, there were no deviations from the Company's Manual on Corporate Governance.

SGV
Building a better working world

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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, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 23, 2022. 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 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
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Accreditation No. 97133-SEC (Group A)
2021 valid until 2025
SEC Firm Accreditation No. 1561-AR-1 (Group A)
January 31, 2019 valid until January 30, 2022
BIR Accreditation No. 08-001998-098-2020
November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

A. SORIANO CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES

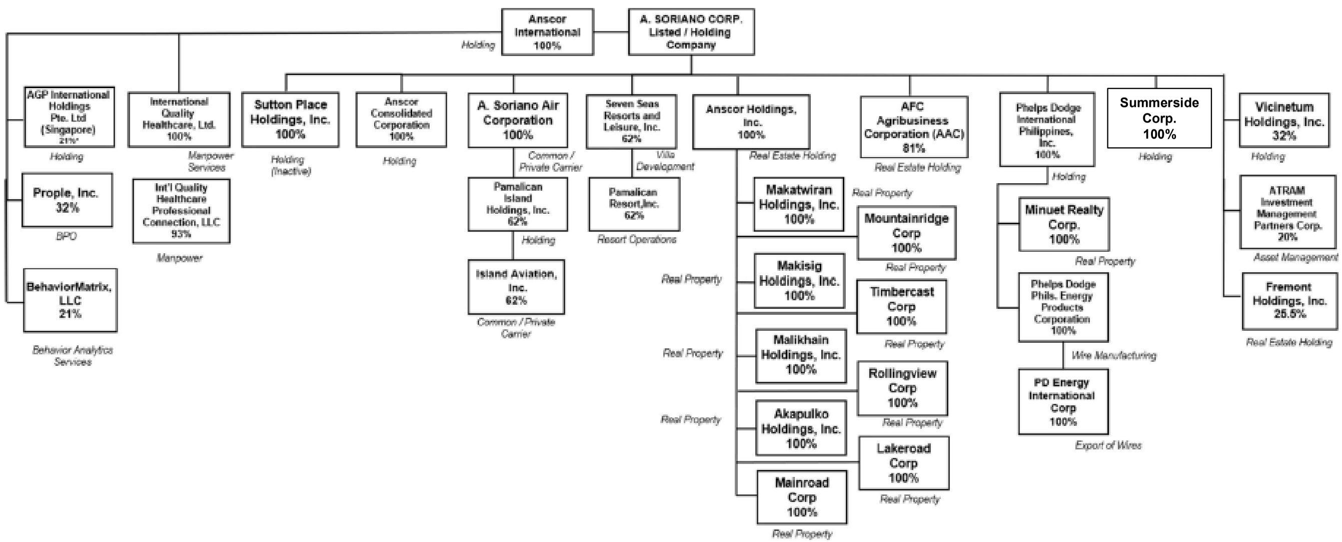
ANNEX C

A. SORIANO CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated retained earnings, January 1, 2021		**₱5,538,392,193**
Adjustments pertaining to unrealized market to market gains and deferred tax assets		(3,530,066,286)
Unappropriated retained earnings, as adjusted to available for dividend distribution, January 1, 2021		**2,008,325,907**
Add: Net income actually earned/realized		
Net income during the period	3,359,704,488	
Fair value adjustments related to unrealized market to market gains of FVPL investments	(1,747,660,811)	1,612,043,677
Net income actually earned		**3,620,369,584**
Less dividend declarations		(1,875,000,000)
Total retained earnings available for dividend declaration, December 31, 2021		**₱1,745,369,584**

ANNEX D

A. SORIANO CORPORATION AND SUBSIDIARIES
GROUP STRUCTURE
December 31, 2021



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

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

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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated February 23, 2022. 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, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Dhonabee B. Señeres
Partner
CPA Certificate No. 97133
Tax Identification No. 201-959-816
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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November 27, 2020, valid until November 26, 2023
PTR No. 8854369, January 3, 2022, Makati City

February 23, 2022

ANNEX E

A. SORIANO CORPORATION AND SUBSIDIARIES
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2021 AND 2020

			2021		2020	
i.	Current Ratio	Total Current Assets	**18,093,740,907**	**9.64: 1**	16,157,261,437	10.03 : 1
		Total Current Liabilities	**1,877,916,302**		1,610,273,637	
ii.	Acid Test Ratio	Total Current Assets less Inventories, Prepayments, and Other Current Assets	**16,404,272,401**	**8.74: 1**	15,050,824,355	9.35 : 1
		Total Current Liabilities	**1,877,916,302**		1,610,273,637	
iii.	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and amortization	**2,806,675,830**	**109.30%**	457,820,886	19.55%
		Total Liabilities	**2,567,867,866**		2,341,894,799	
iv.	Debt-to-Equity Ratio	Total Liabilities	**2,567,867,866**	**2.57 : 20.46**	2,341,894,799	2.34 : 18.70
		Equity Attributable to Equity Holders of the Parent	**20,460,578,865**		18,695,575,051	
v.	Asset-to-Equity Ratio	Total Assets	**23,624,974,330**	**1.15**	21,602,285,333	1.16
		Equity Attributable to Equity Holders of the Parent	**20,460,578,865**		18,695,575,051	
vi.	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**2,928,004,620**	**285.39**	484,455,675	19.85
		Interest expense	**10,259,686**		24,411,138	
vii.	Return on Equity	Net Income Attributable to Equity Holders of the Parent	**2,504,080,376**	**12.24%**	165,646,806	0.89%
		Equity Attributable to Equity Holders of the Parent	**20,460,578,865**		18,695,575,051	
viii.	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**2,504,080,376**	**10.60%**	165,646,806	0.77%
		Total Assets	**23,624,974,330**		21,602,285,333	

ANNEX E

A. SORIANO CORPORATION AND SUBSIDIARIES

COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

			2021		2020	
ix.	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**2,504,080,376**	**22.05%**	165,646,806	2.41%
		Total Revenues	**11,354,086,841**		6,883,700,687	
x.	Book value per share	Equity Attributable to Equity Holders of the Parent	**20,460,578,865**	**16.67**	18,695,575,051	15.23
		Outstanding Number of Shares	**1,227,570,239**		1,227,570,239	

A. SORIANO CORPORATION

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

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

				P	W	2					

COMPANY NAME

A SORIANO CORPORATION AND SUBSIDIARIES

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

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

Form Type		Department requiring the report	Secondary License Type, If Applicable
17-Q	(AMENDED)	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended March 31, 2021

2. Commission identification number: PW-2 3. BIR Tax Identification No. 000-103-216

A. SORIANO CORPORATION

4. Exact name of issuer as specified in its charter

hilippines

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

6. Industry Classification Code: (SEC Use Only)

7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City

7. Address of issuer's principal office Postal Code

8190251

8. Issuer's telephone number, including area code

N/A

9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

………

………

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

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: May 14, 2021

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: May 14, 2021

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	March 31 2021	December 31 2020
ASSETS		
Current Assets		
Cash and cash equivalents	**3,531,469**	3,091,959
Fair value through profit and loss (FVPL) investments	**9,287,956**	10,022,872
Receivables	**2,255,345**	1,935,993
Inventories	**1,046,765**	1,052,586
Fair value through other comprehensive income (FVOCI) investments - current	**14,831**	-
Prepayments	**52,057**	36,741
Other current assets	**16,199**	17,110
Total Current Assets	**16,204,621**	16,157,261
Noncurrent Assets		
FVOCI investments - net of current portion	**151,035**	94,137
Notes receivables	**307,500**	307,500
Investments and advances	**324,612**	318,329
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,432,015**	2,480,841
Investment properties	**512,033**	515,703
Retirement plan asset	**90,789**	91,612
Deferred tax assets	**123,997**	123,998
Right of use assets	**22,235**	20,722
Other noncurrent assets	**173,166**	189,906
Total Noncurrent Assets	**5,439,658**	5,445,024
TOTAL ASSETS	**21,644,279**	21,602,285

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**23,166**	23,166
Accounts payable and accrued expenses	**1,332,714**	857,821
Dividends payable	**980,549**	366,069
Income tax payable	**286,618**	206,866
Current portion of lease liability	**6,478**	4,923
Current portion of long-term debt	**151,429**	151,429
Total Current Liabilities	**2,780,952**	1,610,274

(Forward)

	March 31 2021	December 31 2020
Noncurrent Liabilities		
Long-term debt - net of current portion	**37,857**	75,714
Lease liability - net of current portion	**19,208**	19,208
Deferred income tax liabilities - net	**471,006**	468,392
Retirement benefits payable	**49,068**	56,895
Other noncurrent liabilities	**111,983**	111,412
Total Noncurrent Liabilities	**689,122**	731,621
Total Liabilities	**3,470,074**	2,341,895
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**115,572**	99,261
Unrealized valuation gains on FVOCI investments	**(359)**	2,522
Remeasurement on retirement benefits	**23,720**	23,720
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**8,604,540**	9,715,904
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	17,597,642	18,695,575
Noncontrolling interests	**576,563**	564,815
Total Equity	**18,174,205**	19,260,391
TOTAL LIABILITIES AND EQUITY	**21,644,279**	21,602,285

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended March 31	
	2021	2020
REVENUES		
Sale of goods - net	**2,083,661**	1,766,401
Services	**272,567**	293,144
Dividend income	**110,984**	113,950
Interest income	**8,323**	22,088
	2,475,535	2,195,583
INVESTMENT GAINS (LOSSES)		
Loss on decrease in market values of FVPL investments	**(906,513)**	(2,813,997)
Gain on sale of FVOCI investments	**-**	483
	(906,513)	(2,813,514)
Equity in net earnings (losses) of associates	**1,584**	(86,575)
	1,570,606	**(704,505)**
Cost of goods sold	**(1,616,525)**	(1,366,450)
Services rendered	**(81,708)**	(94,384)
Operating expenses	**(261,753)**	(342,133)
Foreign exchange gain	**19,797**	16,319
Interest expense	**(2,820)**	(6,817)
Other charges - net	**(7,367)**	(1,433)
	(1,950,375)	(1,794,897)
LOSS BEFORE INCOME TAX	**(379,769)**	(2,499,403)
PROVISION FOR INCOME TAX		
Current	**101,997**	93,373
Deferred	**3,849**	(30,769)
	105,846	62,604
NET LOSS	**(485,615)**	(2,562,007)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(4,115)**	(15,125)
Realized gain on sale of FVOCI investments	**-**	(483)
Income Tax Effect	**1,235**	4,683
Cumulative Translation Adjustment	**16,312**	21,918
OTHER COMPREHENSIVE INCOME (LOSS)	**13,431**	10,993
TOTAL COMPREHENSIVE LOSS	**(472,184)**	(2,551,014)

(Forward)

	Periods Ended March 31	
	2021	2020
Net Loss Attributable to:		
Equity holders of the parent	**(497,579)**	(2,579,186)
Minority interest	**11,964**	17,179
	(485,615)	(2,562,007)
Total Comprehensive Loss Attributable to:		
Equity holders of the parent	**(484,148)**	(2,568,193)
Minority interest	**11,964**	17,179
	(472,184)	(2,551,014)
Earnings Per Share		
Basic/Diluted, for net loss attributable to equity holders of the Parent	**(0.41)**	(2.06)
Earnings Per Share		
Basic/Diluted, for total comprehensive loss attributable to equity holders of the Parent	**(0.39)**	(2.05)

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent									
						Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2019	2,500,000	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive income (loss)	-	-	(10,926)	-	21,918	-	(2,579,186)	-	17,179	(2,551,014)
Cash dividends - net	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	(1)	(1)
Balance at 03/31/2020	2,500,000	1,859,383	(2,186)	33,267	295,166	7,150,000	6,971,072	(2,369,372)	578,916	17,016,247
Balance at 12/31/2020	2,500,000	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,391
Comprehensive income (loss)	-	-	(2,881)	-	16,312	-	(497,579)	-	11,964	(472,184)
Cash dividends - net	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	(217)	(217)
Balance at 03/31/2021	**2,500,000**	**1,859,383**	**(359)**	**23,720**	**115,572**	**7,150,000**	**8,604,540**	**(2,655,215)**	**576,563**	**18,174,205**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(379,769)**	(2,499,403)
Adjustment for:		
Loss on decrease in market values of FVPL investments	**906,513**	2,813,997
Depreciation and amortization	**72,324**	69,933
Dividend income	**(110,984)**	(113,950)
Interest income	**(8,323)**	(22,088)
Foreign exchange gain	**(1,661)**	(4,623)
Equity in net losses (gain) of associates	**(1,584)**	86,575
Gain on sale of FVOCI investments	**-**	(483)
Gain on sale of property and equipment	**-**	(101)
Operating income before working capital changes	**479,335**	336,674
Decrease (increase) in:		
FVPL investments	**(155,948)**	313,478
Receivables	**(319,352)**	131,817
Inventories	**5,820**	(324,240)
Increase (decrease) in:		
Accounts payable and accrued expenses	**474,893**	(87,020)
Retirement benefits payable	**(7,004)**	1,194
Net cash generated from operations	**477,745**	371,903
Dividend received	**110,984**	113,950
Interest received	**8,323**	22,088
Interest paid	**(2,820)**	(6,817)
Income taxes paid	**(22,246)**	(17,752)
Net cash flows from operating activities	**571,987**	483,371

(Forward)

	Periods Ended March 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
FVOCI investments	**-**	167,557
Property and equipment	**-**	101
Addition to:		
FVOCI investments	**(74,318)**	(41,868)
Property and equipment	**(19,827)**	(49,980)
Decrease (increase) in:		
Prepayments and other assets	**2,335**	(20,871)
Other noncurrent liabilities	**571**	489
Advances to affiliates	**(4,005)**	109,722
Net cash flows from (used in) investing activities	**(95,244)**	165,150
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Long-term debt	**(37,857)**	(126,197)
Increase (decrease) in:		
Lease liabilities	**42**	9
Minority interest	**(217)**	(0)
Net cash flows used in financing activities	**(38,032)**	(126,188)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**797**	81
NET INCREASE IN CASH AND CASH EQUIVALENTS	**439,509**	522,414
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,091,959**	2,308,878
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,531,469**	2,831,292

A. SORIANO CORPORATION
PARENT COMPANY BALANCE SHEETS
(In Thousand Pesos)

	March 31 2021	December 31 2020
ASSETS		
Cash and Cash Equivalents	**649,827**	529,192
Fair Value through Profit and Loss (FVPL) Investments	**7,851,552**	8,256,496
Fair Value through Other Comprehensive Income (FVOCI) Investments	**165,866**	94,137
Receivables - net	**527,609**	517,572
Investments and Advances- net	**7,556,766**	7,623,492
Investment Properties	**274,022**	277,692
Property and Equipment - net	**6,817**	7,128
Retirement Plan Asset	**87,271**	87,271
Other Assets	**1,550**	1,235
TOTAL ASSETS	**17,121,280**	17,394,215
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**41,979**	52,172
Dividends Payable	**980,549**	366,069
Deferred Income Tax Liabilities - net	**151,863**	147,250
Total Liabilities	**1,174,390**	565,491
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains (loss) on FVOCI investments	**(359)**	2,522
Remeasurement on Retirement Benefits	**48,011**	48,011
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**4,659,438**	5,538,392
Total Equity	**15,946,890**	16,828,725
TOTAL LIABILITIES AND EQUITY	**17,121,280**	17,394,215

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended March 31	
	2021	2020
REVENUES		
Dividend income	**707,984**	1,049,523
Management fees	**30,176**	26,073
Interest income	**7,717**	20,097
	745,878	1,095,693
INVESTMENT GAINS (LOSSES)		
Loss on decrease in market values of FVPL investments	**(355,056)**	(2,619,253)
Gain on sale of FVOCI investments	**-**	483
	(355,056)	(2,618,769)
	390,822	(1,523,077)
Operating expenses	**(35,811)**	(111,968)
Foreign exchange gain	**18,445**	14,865
Interest expense	**(9)**	(1,195)
Other income - net	**3,905**	3,064
	(13,470)	(95,233)
INCOME (LOSS) BEFORE INCOME TAX	**377,353**	(1,618,310)
PROVISION FOR INCOME TAX		
Current	**459**	-
Deferred	**5,848**	(28,770)
	6,306	(28,770)
NET INCOME (LOSS)	**371,046**	(1,589,540)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized valuation loss on FVOCI investments	**(7,733)**	(15,125)
Realized gain on sale of FVOCI investments	**-**	(483)
Income tax effect	**2,665**	4,683
OTHER COMPREHENSIVE LOSS	**(5,068)**	(10,926)
TOTAL COMPREHENSIVE INCOME (LOSS)	**365,979**	(1,600,466)
Earnings Per Share:		
Net income (loss)	**0.148**	(0.636)
Total comprehensive income (loss)	**0.146**	(0.640)

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2019	2,500,000	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive loss	-	-	(10,926)	-	-	(1,589,540)	(1,600,466)
Cash dividends	-	-	-	-	-	(1,875,000)	(1,875,000)
Balance at 03/31/2020	2,500,000	1,589,800	(2,186)	41,996	7,150,000	3,379,242	14,658,851
Balance at 12/31/2020	2,500,000	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Comprehensive income	-	-	(2,881)	-	-	371,046	368,166
Cash dividends	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 03/31/2021	**2,500,000**	**1,589,800**	**(359)**	**48,011**	**7,150,000**	**4,659,438**	**15,946,890**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before tax	**377,353**	(1,618,310)
Adjustment for:		
Loss on decrease n market values of FVPL investments	**355,056**	2,619,253
Depreciation and amortization	**4,625**	4,376
Interest expense	**9**	1,195
Dividend income	**(707,984)**	(1,049,523)
Unrealized foreign exchange gain	**(17,973)**	(14,108)
Interest income	**(7,717)**	(20,097)
Loss on sale of FVOCI investments	**-**	(483)
Operating income (loss) before working capital changes	**3,368**	(77,698)
Decrease (increase) in:		
Receivables	**(10,037)**	242,184
FVPL investments	**65,537**	425,248
Decrease in accounts payable and accrued expenses	**(10,193)**	(33,745)
Net cash generated from operations	**48,675**	555,989
Dividend received	**110,984**	113,523
Interest received	**7,717**	20,097
Interest paid	**(9)**	(1,195)
Income tax paid	**(459)**	-
Net cash flows from operating activities	**166,909**	688,414
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of :		
FVOCI investments	**-**	167,557
Additions to:		
FVOCI investments	**(74,318)**	(41,868)
Property and equipment	**(644)**	(36)
Increase in:		
Advances to affiliates	**28,206**	(46)
Other assets	**(315)**	21
Net cash flows from (used in) investing activities	**(47,071)**	125,628

(Forward)

	For the Periods Ended March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Long-term debt	**-**	(113,850)
Net cash flows (used in) financing activities	**-**	(113,850)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**797**	42
NET DECREASE IN CASH AND CASH EQUIVALENTS	**120,635**	700,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**529,192**	251,441
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**649,827**	951,675

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2021							
REVENUE	2,083,661	228,070	63,838	390,822	2,766,391	(1,195,785)	**1,570,606**
TOTAL COMPREHENSIVE INCOME (LOSS)	265,706	24,052	14,234	365,979	669,971	(1,142,155)	**(472,184)**
TOTAL ASSETS	5,631,804	1,833,631	12,688,188	17,121,280	37,274,904	(15,630,625)	**21,644,279**
INVESTMENTS PORTFOLIO *	17,662	121,269	24,934,425	15,848,206	40,921,562	(30,631,095)	**10,290,467**
PROPERTY & EQUIPMENT	581,559	727,988	94,256	6,817	1,410,621	1,021,394	**2,432,015**
TOTAL LIABILITIES	1,583,400	576,204	2,765,215	1,174,390	6,099,210	(2,629,136)	**3,470,074**
DEPRECIATION AND AMORTIZATION	22,223	28,466	10,348	4,625	65,661	6,663	**72,324**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
03/31/2020							
REVENUE	1,766,401	255,808	717,883	(1,523,077)	1,217,014	(1,921,520)	**(704,505)**
TOTAL COMPREHENSIVE INCOME (LOSS)	209,292	44,428	663,518	(1,600,466)	(683,229)	(1,867,786)	**(2,551,014)**
TOTAL ASSETS	4,912,155	1,761,416	12,162,676	15,998,514	34,834,761	(14,446,650)	**20,388,111**
INVESTMENTS PORTFOLIO *	20,462	92,470	23,112,161	14,449,970	37,675,063	(28,047,494)	**9,627,569**
PROPERTY & EQUIPMENT	630,985	751,602	106,772	8,775	1,498,135	1,048,045	**2,546,180**
TOTAL LIABILITIES	1,099,004	487,053	2,951,815	1,339,663	5,877,535	(2,505,671)	**3,371,863**
DEPRECIATION AND AMORTIZATION	21,651	25,633	11,611	4,376	63,271	6,663	**69,933**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include hangarage, real estate holding and management services.

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

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies

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.

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*

Effective beginning on or after January 1, 2023

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

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

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

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

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at March 31, 2021 and December 31, 2020:

		Percentage of Ownership	
	Nature of Business	**2021**	2020
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62
Summerside Corp.	Investment Holdings	**40**	40

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

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

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

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

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

	Nature of Business	Percentage of Ownership 2021	2020
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	21
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

* *Its associate is engaged in modular steel fabrication and LNG.*

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

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.

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

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

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

Asset Acquisitions

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

Disposal Group and Discontinued Operations

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

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

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

Foreign Currency Translation

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

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

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Financial Instruments</u>
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Initial recognition and measurement of financial instruments
At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of March 31, 2021 and December 31, 2020, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

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

As at March 31, 2021 and December 31, 2020, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at March 31, 2021 and December 31, 2020.

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

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

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

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

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

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

(c) Financial assets at FVOCI (debt instruments)

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

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

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

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

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at March 31, 2021 and December 31, 2020, the Group’s FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at March 31, 2021 and December 31, 2020, included in this category are the Group’s notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets
A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

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

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

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

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

<u>"Day 1" Difference</u>

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

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

Revenue from Contracts with Customers

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

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

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

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

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

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

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

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

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

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

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

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

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

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

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

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

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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

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

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

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

** or lease term, whichever is shorter*

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

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

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

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

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

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

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

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

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

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

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

Additional Paid-in Capital

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

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

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

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

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

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

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

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

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

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

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

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

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

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

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

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

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

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

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of March 31, 2021 and December 31, 2020.

Dividends on Common Shares

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

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determination of functional currency

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

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at March 31, 2021 and December 31, 2020, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

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

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

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

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

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

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

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

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

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

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

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

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

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

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

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

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

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk
   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended March 31, 2021.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at March 31, 2021:

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	**₱5,580,073**	**₱5,580,073**	**₱–**	**₱–**
Unquoted equity shares	**1,420,308**	**–**	**398,599**	**1,021,709**
Funds and equities	**1,373,717**	**–**	**1,373,717**	**–**
Bonds and convertible note	**473,922**	**473,922**	**–**	**–**
Proprietary shares	**368,627**	**–**	**368,627**	**–**
Others	**71,309**	**71,309**	**–**	**–**
	9,287,956	**6,125,304**	**2,140,943**	**1,021,709**
FVOCI investments:				
Bonds and convertible note	**165,866**	**165,866**	**–**	**–**
	₱9,453,822	**₱6,291,170**	**₱2,140,943**	**₱1,021,709**

As of December 31, 2020

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱6,481,857	₱6,481,857	₱–	₱–
Funds and equities	1,319,052	–	1,319,052	–
Unquoted equity shares	1,248,945	–	227,236	1,021,709
Bonds and convertible note	529,582	529,582	–	–
Proprietary shares	363,627	–	363,627	–
Others	79,809	79,809	–	–
	10,022,872	7,091,248	1,909,915	1,021,709
FVOCI investments	94,137	94,137	–	–
	₱10,117,009	₱7,185,385	₱1,909,915	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2021 and 2020

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱803 5% fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14% fair value of ₱948

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2020	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2020	1,021.7
Unrealized gain in profit or loss	–
As at 31 March 2021	**₱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 period ended March 31, 2021 and December 31, 2020, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of March 31, 2021 versus December 31, 2020.

Cash and Cash Equivalents

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

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The decrease in the account can be attributed to the P906.5 million decrease in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net addition for the period amounted to P155.9 million and unrealized foreign exchange gain related to foreign denominated investments amounts to P15.6 million.

Receivables

The increase in receivables was mainly due to improved revenues of the wire manufacturing business.

Inventories

The slight decrease is traced to inventories sold by the wire manufacturing subsidiary and the spare parts and supplies utilized for three months by the aviation and resort subsidiaries.

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent

Net increase in this account amounted to P71.7 million. The increase can be attributed to net additions to investments of P74.3 million and unrealized foreign exchange gain of P1.5 million for three months of 2021 partially offset by the decline in market value of the FVOCI investments.

Prepayments and other current assets

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

Investments and Advances

The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P1.6 million and advances to associates amounted to P4.7 million.

Property and Equipment - net

The decrease can be traced to depreciation amounting to P68.6 million offset by acquisition of property and equipment of P19.8 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties

Decrease was due to depreciation amounting to P3.7 million.

Other noncurrent assets

Change in the account balance can be attributed to the decrease in fund for villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable

On February 18, 2021, the Parent Company approved the declaration of cash dividends of P0.50 per share to shareholders, which will be paid on April 14, 2021.

Income Tax Payable

Movement in the account was attributable to tax provision of the resort, aviation and wire manufacturing subsidiaries for three months of 2021.

Long-term Debt (current and noncurrent)

The decrease in the account can be attributed to P37.9 million loan paid by PDP.

Deferred Income Tax Liabilities

Minimal increase in the account was mainly due to the deferred tax effect of accrued management fees and unrealized foreign exchange gain.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of US$ vis-à-vis Philippine peso, CTA balance increased by P16.3 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to March 31, 2021.

Others
There were no commitments for major capital expenditures in 2021.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended March 31	
	2021	2020
Revenues (excluding investment gains or losses)	**745,878**	1,095,693
Investment Losses	**(355,056)**	(2,618,769)
Total Comprehensive Income (Loss)	**365,979**	(1,600,466)
Earnings Per Share		
Net Income (Loss)	**0.148**	(0.636)
Total Comprehensive Income (Loss)	**0.146**	(0.640)
Market Price Per Share (PSE)	**6.54**	6.36

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year's consolidated gross revenues of P1.6 billion was a reversal from a loss of P704.5 million due to improved market value of FVPL investments and higher revenues of the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

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

Cost of Services Rendered
Decrease in cost of services rendered was mainly due to lower cost of services mainly for local guests of the resort subsidiary this year.

Operating Expenses
The Group reported a decrease in operating expenses for three months of 2021 mainly due to lower overhead of the parent (no bonus was given in 2021) and subsidiaries reported decline in expenses due continuous quarantine imposed due to COVID-19 pandemic.

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

Interest Expense
Interest expense amount in 2021 was lower than 2020 due to payment of long-term loan by the parent company and PDP.

Provision for income tax
The tax provision of wire manufacturing subsidiaries for three months of 2021 increased due to higher profits.

9. Cash Flows
Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer’s continuing operations.

In the interim period:
- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during three months of 2021.

- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended March 31	
	2021	2020
Volume sold (MT)	**3,979**	3,539
Revenue	**2,083,661**	1,766,401
Net Income	**265,706**	209,292

PDP Energy's revenue improved in 2021 as against 2020's revenues.

PDP recorded a net income of P265.7 million for the first quarter of 2021, higher than the P209.3 million profit recorded last year, notwithstanding the effect of the community quarantine due to COVID-19 pandemic.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 44.9% for the three quarters of 2021, slightly better than the 2020 average occupancy rate of 43.8%. Average room rate was P63,490, lower from last year's average room rate of P75,456. Total hotel revenues dropped to P228.1 million, from last year's revenues of P255.8 million mainly due to travel restrictions for foreign flights, affecting arrival of foreign tourists.

Seven Seas reported a consolidated net income of P24.1 million for three months of 2021, a decline from last year's consolidated net income of P44.6 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			2021		2020	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**16,204,621** / **2,780,952**	5.83 : 1	**14,162,385** / **2,529,358**	5.60 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**15,089,600** / **2,780,952**	5.43 : 1	**12,836,137** / **2,529,358**	5.07 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**(425,255)** / **3,470,074**	(12.25%)	**(2,509,252)** / **3,371,863**	(74.42%)
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**3,470,074** / **17,597,642**	0.20 :1	**3,371,863** / **16,437,331**	0.21 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**21,644,279** / **17,597,642**	1.23	**20,388,111** / **16,437,331**	1.24
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**(376,949)** / **2,820**	(133.67)	**(2,492,586)** / **6,817**	(365.64)
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	**(497,579)** / **17,597,642**	(2.83%)	**(2,579,186)** / **16,437,331**	(15.69%)

			2021		2020	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**(497,579)**	(2.30%)	**(2,579,186)**	(12.65%)
		Total Assets	**21,644,279**		**20,388,111**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**(497,579)**	(31.68%)	**(2,579,186)**	366.10%
		Total Revenues	**1,570,606**		**(704,505)**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**17,597,642**		**16,437,331**	
		Outstanding Number of Shares	**1,227,570**	14.34	**1,250,128**	13.15

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	03/31/2021	03/31/2020
1. Volume	**3,979**	3,539
2. Revenue	**2,083,661**	1,766,401
3. Net income	**265,706**	209,292

Seven Seas Group

In Thousand Pesos

	03/31/2021	03/31/2020
1. Occupancy rate	**44.9%**	43.8%
2. Hotel revenue	**228,070**	255,808
3. Gross operating profit (GOP)	**95,679**	108,690
4. GOP ratio	**42.0%**	42.5%
5. Net income	**24,052**	44,578

Occupancy rate is based on actual room nights sold over available room nights on a 3 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

				P	W	2				

COMPANY NAME

A SORIANO CORPORATION AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q (AMENDED)	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**ncievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended June 30, 2021

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

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

   hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

   7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

   8190251
8. Issuer's telephone number, including area code

   N/A
9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

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

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1.Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: August ~~16~~ 12, 2021

Principal Financial/Accounting Officer/Controller:
Signature and Title

(Sgd.) NARCISA M. VILLAFLOR
VP - Comptroller

Date: August ~~16~~ 12, 2021

SEC Form17-Q
August ~~16~~ 12, 2021

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	June 30 2021	December 31 2020
ASSETS		
Current Assets		
Cash and cash equivalents	**2,468,548**	3,091,959
Fair value through profit and loss (FVPL) investments	**10,715,620**	10,022,872
Receivables	**1,999,859**	1,935,993
Inventories	**1,476,634**	1,052,586
Fair value through other comprehensive income (FVOCI) investments - current	**14,811**	-
Prepayments	**46,593**	36,741
Other current assets	**46,256**	17,110
Total Current Assets	**16,768,321**	16,157,261
Noncurrent Assets		
FVOCI investments - net of current portion	**213,217**	94,137
Notes receivables	**295,575**	307,500
Investments and advances	**325,349**	318,329
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,471,549**	2,480,841
Investment properties	**508,363**	515,703
Retirement plan asset	**89,950**	91,612
Deferred tax assets	**123,997**	123,998
Right of use assets	**21,327**	20,722
Other noncurrent assets	**182,260**	189,906
Total Noncurrent Assets	**5,533,864**	5,445,024
TOTAL ASSETS	**22,302,184**	21,602,285

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**23,166**	23,166
Accounts payable and accrued expenses	**1,019,511**	857,821
Dividends payable	**405,804**	366,069
Income tax payable	**165,224**	206,866
Current portion of lease liability	**5,548**	4,923
Current portion of long-term debt	**151,429**	151,429
Total Current Liabilities	**1,770,681**	1,610,274

(Forward)

	June 30	December 31
	2021	2020
Noncurrent Liabilities		
Long-term debt - net of current portion	**-**	75,714
Lease liability - net of current portion	**19,208**	19,208
Deferred income tax liabilities - net	**486,070**	468,392
Retirement benefits payable	**57,613**	56,895
Other noncurrent liabilities	**113,071**	111,412
Total Noncurrent Liabilities	**675,962**	731,621
Total Liabilities	**2,446,644**	2,341,895
Equity Attributable to Equity Holdings of the Parent		
Capital stock - 1 par value	**2,500,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**121,363**	99,261
Unrealized valuation gains on		
FVOCI investments	**1,483**	2,522
Remeasurement on retirement benefits	**23,720**	23,720
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**10,273,555**	9,715,904
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	19,274,290	18,695,575
Noncontrolling interests	**581,251**	564,815
Total Equity	**19,855,541**	19,260,391
TOTAL LIABILITIES AND EQUITY	**22,302,184**	21,602,285

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
REVENUES				
Sale of goods - net	**4,106,904**	2,537,474	**2,023,243**	771,074
Dividend income	**125,015**	222,096	**14,030**	108,146
Services	**486,742**	306,125	**214,175**	12,981
Interest income	**18,240**	38,508	**9,917**	16,420
	4,736,901	3,104,204	**2,261,366**	908,621
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**476,897**	(1,168,008)	**1,383,410**	1,645,989
Gain on sale of FVOCI investments	**2,097**	861	**2,097**	377
	478,995	(1,167,147)	**1,385,508**	1,646,366
Equity in net earnings (losses) of associates	**4,885**	(171,737)	**3,301**	(85,162)
	5,220,781	**1,765,320**	**3,650,174**	2,469,825
Cost of goods sold	**(3,163,030)**	(1,997,986)	**(1,546,505)**	(631,536)
Services rendered	**(148,219)**	(118,948)	**(66,512)**	(24,564)
Operating expenses	**(515,902)**	(511,107)	**(254,149)**	(168,974)
Foreign exchange gain (loss)	**24,312**	(30,078)	**4,515**	(46,397)
Interest expense	**(5,207)**	(11,987)	**(2,387)**	(5,170)
Other income (charges)- net	**(7,650)**	(825)	**(283)**	607
	(3,815,697)	(2,670,931)	**(1,865,321)**	(876,034)
INCOME (LOSS) BEFORE INCOME TAX	**1,405,084**	(905,612)	**1,784,853**	1,593,791
PROVISION FOR INCOME TAX				
Current	**198,758**	115,930	**96,761**	22,557
Deferred	**18,265**	(11,561)	**14,416**	19,207
	217,023	104,369	**111,177**	41,765
NET INCOME (LOSS)	**1,188,061**	(1,009,980)	**1,673,676**	1,552,026

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**472**	(6,936)	**4,587**	8,189
Realized gain on sale of FVOCI investments, net of impairment losses	**(2,097)**	(861)	**(2,097)**	(377)
Income tax effect	**586**	2,339	**(648)**	(2,343)
Cumulative translation adjustment	**22,103**	(52,227)	**5,791**	(74,146)
OTHER COMPREHENSIVE INCOME (LOSS)	**21,064**	(57,685)	**7,633**	(68,678)
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,209,125**	(1,067,666)	**1,681,309**	1,483,348
Net Income (Loss) Attributable to:				
Equity holders of the parent	**1,171,436**	(997,067)	**1,669,015**	1,582,119
Minority interest	**16,626**	(12,913)	**4,662**	(30,092)
	1,188,061	(1,009,980)	**1,673,676**	1,552,026
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**1,192,500**	(1,054,752)	**1,676,648**	1,513,441
Minority interest	**16,626**	(12,913)	**4,662**	(30,092)
	1,209,125	(1,067,666)	**1,681,309**	1,483,348
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**0.95**	(0.80)	**1.36**	1.27
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**0.97**	(0.84)	**1.37**	1.21

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent									
						Retained Earnings				
	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2019	2,500,000	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive income (loss)	-	-	(5,458)	-	(52,227)	-	(997,067)	-	(12,913)	(1,067,666)
Cash dividends - net	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Balance at 06/30/2020	2,500,000	1,859,383	3,282	33,267	221,021	7,150,000	8,553,191	(2,369,372)	548,824	18,499,596
Balance at 12/31/2020	2,500,000	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,391
Comprehensive income (loss)	-	-	(1,039)	-	22,103	-	1,171,436	-	16,626	1,209,125
Cash dividends - net	-	-	-	-	-	-	(613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	(190)	(190)
Balance at 06/30/2021	**2,500,000**	**1,859,383**	**1,483**	**23,720**	**121,363**	**7,150,000**	**10,273,555**	**(2,655,215)**	**581,251**	**19,855,541**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	**1,405,084**	(905,612)	**1,784,853**	1,593,791
Adjustment for:				
Depreciation and amortization	**139,366**	138,301	**67,042**	68,367
Interest expense	**5,207**	11,987	**2,387**	5,170
Loss (gain) on decrease (increase) in market values of FVPL investments	**(476,897)**	1,168,008	**(1,383,410)**	(1,645,989)
Dividend income	**(125,015)**	(222,096)	**(14,030)**	(108,146)
Interest income	**(18,240)**	(38,508)	**(9,917)**	(16,420)
Equity in net losses of associates	**(4,885)**	171,737	**(3,301)**	85,162
Gain on sale of FVOCI investments	**(2,097)**	(861)	**(2,097)**	(377)
Foreign exchange gain	**(576)**	(5,525)	**1,085**	(902)
Gain on sale of property and equipment	**(67)**	(101)	**(67)**	-
Operating income (loss) before working capital changes	**921,880**	317,330	**442,545**	(19,344)
Decrease (increase) in:				
FVPL investments	**(195,817)**	673,577	**(39,869)**	360,099
Receivables	**(51,941)**	446,940	**267,411**	315,123
Inventories	**(424,049)**	(127,636)	**(429,869)**	196,604
Increase (decrease) in:				
Accounts payable and accrued expenses	**161,690**	(323,364)	**(313,203)**	(236,344)
Retirement benefits payable	**2,380**	2,388	**9,384**	1,194
Net cash generated from (used in) operations	**414,143**	989,234	**(63,602)**	617,331
Dividend received	**125,015**	222,096	**14,030**	108,146
Interest received	**18,240**	38,508	**9,917**	16,420
Interest paid	**(5,207)**	(11,987)	**(2,387)**	(5,170)
Income taxes paid	**(240,400)**	(222,547)	**(218,154)**	(204,795)
Net cash flows from (used in) operating activities	**311,791**	1,015,303	**(260,196)**	531,932

(Forward)

	Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**33,007**	243,675	**33,007**	76,118
Property and equipment	**67**	101	**67**	-
Addition to:				
FVOCI investments	**(164,641)**	(45,476)	**(90,323)**	(3,608)
Property and equipment	**(122,734)**	(83,179)	**(102,907)**	(33,199)
Decrease (increase) in:				
Prepayments and other assets	**(31,351)**	7,394	**(33,686)**	28,265
Other noncurrent liabilities	**1,659**	938	**1,088**	449
Advances to affiliates	**(2,135)**	105,507	**1,870**	(4,215)
Net cash flows from (used in) investing activities	**(286,129)**	228,959	**(190,885)**	63,810
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**(75,714)**	(176,839)	**(37,857)**	(50,642)
Cash dividends	**(574,050)**	(807,952)	**(574,050)**	(807,952)
Increase (decrease) in:				
Lease liabilities	**20**	(1,112)	**(22)**	(1,121)
Minority interest	**(190)**	-	**27**	-
Net cash flows used in financing activities	**(649,934)**	(985,903)	**(611,903)**	(859,714)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**861**	1,566	**64**	1,485
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(623,411)**	259,926	**(1,062,920)**	(262,488)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,091,959**	2,308,878	**3,531,469**	2,831,292
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,468,548**	2,568,804	**2,468,548**	2,568,804

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	June 30 2021	December 31 2020
ASSETS		
Cash and Cash Equivalents	**434,334**	529,192
Fair Value through Profit and Loss (FVPL) Investments	**9,034,611**	8,256,496
Fair value through other comprehensive income (FVOCI) investments	**228,027**	94,137
Receivables - net	**479,278**	517,572
Investments and Advances- net	**7,383,511**	7,623,492
Investment Properties	**270,352**	277,692
Property and Equipment - net	**6,446**	7,128
Retirement Plan Asset	**87,271**	87,271
Other Assets	**1,690**	1,235
TOTAL ASSETS	**17,925,521**	17,394,215

LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**123,090**	52,172
Dividends Payable	**405,804**	366,069
Deferred Income Tax Liabilities - net	**168,926**	147,250
Total Liabilities	**697,820**	565,491
Equity		
Capital Stock - 1 Par Value	**2,500,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains on FVOCI investments	**1,483**	2,522
Remeasurement on Retirement Benefits	**48,011**	48,011
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**5,938,407**	5,538,392
Total Equity	**17,227,701**	16,828,725
TOTAL LIABILITIES AND EQUITY	**17,925,521**	17,394,215

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
REVENUES				
Dividend income	**722,015**	1,404,343	**14,030**	354,821
Management fees	**61,655**	33,574	**31,479**	7,501
Interest income	**16,055**	32,211	**8,338**	12,114
	799,725	1,470,128	**53,847**	374,436
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**911,716**	(1,593,578)	**1,266,772**	1,025,675
Gain on sale of FVOCI investments	**2,097**	861	**2,097**	377
	913,813	(1,592,717)	**1,268,869**	1,026,052
	1,713,538	(122,589)	**1,322,716**	1,400,488
Operating expenses	**(68,935)**	(151,688)	**(33,125)**	(39,720)
Foreign exchange gain (loss)	**22,744**	(29,866)	**4,299**	(44,731)
Interest expense	**(9)**	(1,311)	**-**	(116)
Others net	**5,921**	7,315	**2,016**	4,251
	(40,280)	(175,549)	**(26,810)**	(80,316)
INCOME (LOSS) BEFORE INCOME TAX	**1,673,259**	(298,138)	**1,295,906**	1,320,172
PROVISION FOR INCOME TAX				
Current	**981**	149	**522**	149
Deferred	**22,263**	(7,987)	**16,415**	20,783
	23,244	(7,838)	**16,937**	20,932
NET INCOME (LOSS)	**1,650,015**	(290,300)	**1,278,969**	1,299,240
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**472**	(6,936)	**8,204**	8,189
Realized gain on sale of FVOCI investments	**(2,097)**	(861)	**(2,097)**	(377)
Income tax effect	**586**	2,339	**(2,078)**	(2,343)
OTHER COMPREHENSIVE INCOME (LOSS)	**(1,039)**	(5,458)	**4,029**	5,468
TOTAL COMPREHENSIVE INCOME (LOSS)	**1,648,976**	(295,758)	**1,282,998**	1,304,708
Earnings Per Share:				
Net income (loss)	**0.660**	(0.116)	**0.512**	0.520
Total comprehensive income (loss)	**0.660**	(0.118)	**0.513**	0.522

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock	Additional Paid-in Capital	Unrealized Valuation Gains (loss) on FVOCI Investments	Remeasurement on Retirement Benefits Gain	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total
Balance at 12/31/2019	2,500,000	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive loss	-	-	(5,458)	-	-	(290,300)	(295,758)
Cash dividends	-	-	-	-	-	(1,875,000)	(1,875,000)
Balance at 06/30/2020	2,500,000	1,589,800	3,282	41,996	7,150,000	4,678,482	15,963,559
Balance at 12/31/2020	2,500,000	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Comprehensive income	-	-	(1,039)	-	-	1,650,015	1,648,976
Cash dividends	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 06/30/2021	**2,500,000**	**1,589,800**	**1,483**	**48,011**	**7,150,000**	**5,938,407**	**17,227,701**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	For the Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**1,673,259**	(298,138)	**1,295,906**	1,320,172
Adjustment for:				
Depreciation and amortization	**9,146**	9,030	**4,521**	4,654
Interest expense	**9**	1,311	**-**	116
Loss (gain) on decrease (increase) in market values of FVPL investments	**(911,716)**	1,593,578	**(1,266,772)**	(1,025,675)
Dividend income	**(722,015)**	(1,404,343)	**(14,030)**	(354,821)
Unrealized foreign exchange gain	**(22,679)**	22,869	**(4,706)**	36,978
Interest income	**(16,055)**	(32,211)	**(8,338)**	(12,114)
Loss on sale of FVOCI investments	**(2,097)**	(861)	**(2,097)**	(377)
Operating income (loss) before working capital changes	**7,852**	(108,766)	**4,484**	(31,068)
Decrease (increase) in:				
Receivables	**38,294**	225,399	**48,332**	(16,786)
FVPL investments	**153,634**	514,569	**88,097**	89,322
Increase (decrease) in accounts payable and accrued expenses	**70,918**	(24,480)	**81,110**	9,265
Net cash generated from operations	**270,697**	606,722	**222,023**	50,733
Dividend received	**375,015**	343,343	**264,030**	229,821
Interest received	**16,055**	32,211	**8,338**	12,114
Interest paid	**(9)**	(1,311)	**-**	(116)
Income tax paid	**(981)**	(149)	**(522)**	(149)
Net cash flows from operating activities	**660,777**	980,817	**493,869**	292,403

(Forward)

	For the Periods Ended June 30		Quarters Ended June 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**33,007**	243,675	**33,007**	76,118
Additions to:				
FVOCI investments	**(164,641)**	(45,476)	**(90,323)**	(3,608)
Property and equipment	**(1,124)**	(42)	**(479)**	(6)
Increase in:				
Advances to affiliates	**(49,234)**	(3,684)	**(77,439)**	(3,638)
Other assets	**(455)**	(359)	**(140)**	(380)
Net cash flows from (used in) investing activities	**(182,446)**	194,113	**(135,375)**	68,485
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**-**	(113,850)	**-**	-
Cash dividends	**(574,050)**	(807,952)	**(574,050)**	(807,952)
Net cash flows used in financing activities	**(574,050)**	(921,802)	**(574,050)**	(807,952)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**861**	1,951	**64**	1,908
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(94,857)**	255,078	**(215,492)**	(445,156)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**529,192**	251,441	**649,827**	951,675
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**434,334**	506,519	**434,334**	506,519

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2021							
REVENUE	4,106,904	408,167	937,350	1,713,538	7,165,959	(1,945,178)	**5,220,781**
TOTAL COMPREHENSIVE INCOME (LOSS)	537,214	29,593	845,419	1,648,976	3,061,203	(1,852,078)	**1,209,125**
TOTAL ASSETS	5,084,370	1,862,779	13,628,960	17,925,521	38,501,630	(16,199,445)	**22,302,184**
INVESTMENTS PORTFOLIO *	17,662	121,511	26,008,707	16,916,502	43,064,382	(31,287,022)	**11,777,359**
PROPERTY & EQUIPMENT	618,921	740,431	91,021	6,446	1,456,818	1,014,731	**2,471,549**
TOTAL LIABILITIES	764,035	599,811	2,869,965	697,820	4,931,631	(2,484,987)	**2,446,644**
DEPRECIATION AND AMORTIZATION	44,549	56,287	16,060	9,146	126,041	13,326	**139,366**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
06/30/2020							
REVENUE	2,537,474	264,818	1,174,818	(122,589)	3,854,520	(2,089,201)	**1,765,320**
TOTAL COMPREHENSIVE INCOME (LOSS)	263,673	(18,082)	1,089,277	(295,758)	1,039,110	(2,106,775)	**(1,067,666)**
TOTAL ASSETS	4,482,206	1,600,925	12,502,697	16,485,661	35,071,488	(14,501,570)	**20,569,918**
INVESTMENTS PORTFOLIO *	20,462	118,075	23,585,279	15,408,085	39,131,901	(28,442,532)	**10,689,369**
PROPERTY & EQUIPMENT	614,263	734,444	116,795	7,797	1,473,299	1,041,382	**2,514,681**
TOTAL LIABILITIES	864,674	389,071	2,896,058	522,102	4,671,905	(2,601,583)	**2,070,322**
DEPRECIATION AND AMORTIZATION	42,760	51,473	21,712	9,030	124,975	13,326	**138,301**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

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

Basis of Preparation

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

Statement of Compliance

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

<u>Changes in Accounting Policies</u>

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.

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*

Effective beginning on or after January 1, 2023

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

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

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

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

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at June 30, 2021 and December 31, 2020:

		Percentage of Ownership	
	Nature of Business	**2021**	2020
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62
Summerside Corp.	Investment Holdings	**40**	40

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

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

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

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

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2021**	2020
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	21
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

** Its associate is engaged in modular steel fabrication and LNG.*

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

<u>Business Combinations and Goodwill</u>

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

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

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

Asset Acquisitions

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

Disposal Group and Discontinued Operations

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

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

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

Foreign Currency Translation

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

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

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

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

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

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of June 30, 2021 and December 31, 2020, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

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

As at June 30, 2021 and December 31, 2020, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at June 30, 2021 and December 31, 2020.

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

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

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

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

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

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

(c) Financial assets at FVOCI (debt instruments)

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

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

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

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

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at June 30, 2021 and December 31, 2020, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at June 30, 2021 and December 31, 2020, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

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

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

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

Financial liabilities

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

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

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

Revenue from Contracts with Customers

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

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

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

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

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

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

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

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

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

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

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

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

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

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

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

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

Property and Equipment

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

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

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

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

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

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

** or lease term, whichever is shorter*

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

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

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

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

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

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

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

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

Goodwill

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

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

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities
Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

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

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

Retained Earnings
Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

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

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

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

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

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

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

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

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

<u>Pension Benefits</u>
The Group has a non-contributory defined benefit retirement plan.

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

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

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

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

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

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

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

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

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

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

Value-added Tax (VAT)

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

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

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

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

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of June 30, 2021 and December 31, 2020.

Dividends on Common Shares

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

Events After the Reporting Period

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

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

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

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

Judgments

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

Determination of functional currency

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

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at June 30, 2021 and December 31, 2020, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

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

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

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

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

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

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

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

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

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

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

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

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

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

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

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

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

Recognition of deferred income tax assets

The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits

The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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

Provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk
   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended June 30, 2021.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at June 30, 2021:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱6,616,142**	**₱6,616,142**	**₱–**	**₱–**
Unquoted equity shares	**1,553,636**	**–**	**–**	**1,553,636**
Funds and equities	**1,738,697**	**–**	**1,738,697**	**–**
Bonds and convertible note	**427,524**	**427,524**	**–**	**–**
Proprietary shares	**371,627**	**–**	**371,627**	**–**
Others	**7,994**	**7,994**	**–**	**–**
	10,715,620	**7,051,660**	**2,110,324**	**1,553,636**
FVOCI investments:				
Bonds and convertible note	**228,027**	**228,027**	**–**	**–**
	₱10,943,647	**₱7,279,687**	**₱2,110,324**	**₱1,553,636**

As of December 31, 2020

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱6,481,857	₱6,481,857	₱–	₱–
Funds and equities	1,319,052	–	1,319,052	–
Unquoted equity shares	1,248,945	–	227,236	1,021,709
Bonds and convertible note	529,582	529,582	–	–
Proprietary shares	363,627	–	363,627	–
Others	79,809	79,809	–	–
	10,022,872	7,091,248	1,909,915	1,021,709
FVOCI investments	94,137	94,137	–	–
	₱10,117,009	₱7,185,385	₱1,909,915	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2021 and 2020

	Valuation Technique	Significant unobservable inputs	Range	Sensitivity of input to fair value
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱803 5% fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14% fair value of ₱948

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2020	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2020	1,021.7
Unrealized gain in profit or loss	–
As at 30 June 2021	**₱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 period ended June 30, 2021 and December 31, 2020, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of June 30, 2021 versus December 31, 2020.

Cash and Cash Equivalents

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

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments

The increase in the account can be attributed to the P476.9 million increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net addition for the period amounted to P195.8 million and unrealized foreign exchange gain related to foreign denominated investments amounts to P20.0 million.

Receivables

The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

Inventories

The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Prepayments and other current assets

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

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent

Net increase in this account amounted to P133.9 million. The increase can be attributed to net additions to investments of P131.6 million and unrealized foreign exchange gain of P1.8 million for six months of 2021 partially offset by the decline in market value of the FVOCI investments.

Notes Receivables

The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances

The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P4.9 million and advances to associates amounted to P2.1 million.

Property and Equipment - net

The decrease can be traced to depreciation amounting to P132.0 million offset by acquisition of property and equipment of P122.7 million, mainly attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries.

Investment Properties

Decrease was due to depreciation amounting to P7.3 million.

Other noncurrent assets

Change in the account balance can be attributed to the decrease in fund for villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses

The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable

The balance pertained to unencashed checks of stockholders with problematic addresses.

Income Tax Payable

Movement in the account was attributable to income tax paid by the resort, aviation and wire manufacturing subsidiaries for six months of 2021, partially offset by tax provision during the period by the Group.

Long-term Debt (current and noncurrent)

The decrease in the account can be attributed to P75.7 million loan paid by PDP.

Deferred Income Tax Liabilities

Increase in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

Cumulative Translation Adjustment (CTA)

This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of US$ vis-à-vis Philippine peso, CTA balance increased by P16.3 million.

Unrealized valuation gain (loss) on FVOCI investments (equity portion)
Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to June 30, 2021.

Others
There were no commitments for major capital expenditures in 2021.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended June 30	
	2021	2020
Revenues (excluding investment gains or losses)	**799,725**	1,470,128
Investment Gains (Losses)	**913,813**	(1,592,717)
Total Comprehensive Income (Loss)	**1,648,976**	(295,758)
Earnings Per Share		
Net Income (Loss)	**0.660**	(0.116)
Total Comprehensive Income (Loss)	**0.660**	(0.118)
Market Price Per Share (PSE)	**7.10**	6.22

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year’s consolidated gross revenues of P5.2 billion was higher from last year’s revenue of P1.8 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

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

Cost of Services Rendered
Increase in cost of services rendered was mainly due to higher cost of services mainly for local guests of the resort subsidiary this year.

Operating Expenses
The Group reported a minimal increase in operating expenses for six months of 2021 mainly due to higher expenses reported by the subsidiaries partially offset by lower overhead of the parent (no bonus was given in 2021).

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

Interest Expense
Interest expense in 2021 was lower than 2020 due to payment of long-term loan by PDP.

Provision for income tax
The tax provision of the resort, aviation and wire manufacturing subsidiaries for six months of 2021 increased due to higher profits.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer’s continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during six months of 2021.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended June 30	
	2021	2020
Volume sold (MT)	**7,359**	5,162
Revenue	**4,106,904**	2,537,474
Net Income	**537,214**	263,673

PDP Energy's revenue improved in 2021 as against 2020's revenues.

PDP recorded a net income of P537.2 million for the first half of 2021, higher than the 263.7 million profit recorded last year, notwithstanding the effect of the community quarantine due to COVID-19 pandemic.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 42.2% for the first half of 2021, better than the 2020 average occupancy rate of 22.8%. Average room rate was P57,313, lower from last year's average room rate of P74,939. Total hotel revenues amounted to P408 million, higher from last year's revenues of P264.8 million, coming from local guests.

Seven Seas reported a consolidated net income of P29.6 million for six months of 2021, a reversal from last year's consolidated net loss of P18.1 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			2021		2020	
i	Current Ratio	Total Current Assets / Total Current Liabilities	**16,768,321** / **1,770,681**	**9.47 : 1**	14,606,039 / 1,242,904	11.75 : 1
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets / Total Current Liabilities	**15,198,838** / **1,770,681**	**8.58 : 1**	13,523,824 / 1,242,904	10.88 : 1
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization / Total Liabilities	**1,310,802** / **2,446,644**	**53.58%**	(858,766) / 2,070,322	(41.48%)
iv	Debt-to-Equity Ratio	Total Liabilities / Equity Attributable to Equity Holders of the Parent	**2,446,644** / **19,274,290**	**0.13 :1**	2,070,322 / 17,950,772	0.12 : 1
v	Asset-to-Equity Ratio	Total Assets / Equity Attributable to Equity Holders of the Parent	**22,302,184** / **19,274,290**	**1.16**	20,569,918 / 17,950,772	1.15
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes) / Interest Expense	**1,410,291** / **5,207**	**270.87**	(893,625) / 11,987	(74.55)
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent / Equity Attributable to Equity Holders of the Parent	**1,171,436** / **19,274,290**	**6.08%**	(997,067) / 17,950,772	(5.55%)

			2021		2020	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**1,171,436**	**5.25%**	(997,067)	(4.85%)
		Total Assets	**22,302,184**		20,569,918	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**1,171,436**	**22.44%**	(997,067)	(56.48%)
		Total Revenues	**5,220,781**		1,765,320	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**19,274,290**	**15.70**	17,950,772	14.36
		Outstanding Number of Shares	**1,227,570**		1,250,128	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	06/30/2021	06/30/2020
1. Volume	**7,359**	5,162
2. Revenue	**4,106,904**	2,537,474
3. Net income	**537,214**	263,673

Seven Seas Group

In Thousand Pesos

	06/30/2021	06/30/2020
1. Occupancy rate	**42.2%**	22.8%
2. Hotel revenue	**408,167**	264,818
3. Gross operating profit (GOP)	**157,198**	70,100
4. GOP ratio	**38.5%**	26.5%
5. Net income	**29,593**	(18,081)

Occupancy rate is based on actual room nights sold over available room nights on a 6 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

COVER SHEET
for
SEC FORM 17- Q

SEC Registration Number

				P	W	2				

COMPANY NAME

A SORIANO CORPORATION AND
SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q (AMENDED)	SEC	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@anscor.com.ph	**819-0251**	**N/A**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
	Third Wednesday of April	**12/31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Narcisa M. Villaflor	**nancievillaflor1029@gmail.com**	**819-0251**	**N/A**

CONTACT PERSON's ADDRESS

7TH FLOOR PACIFIC STAR BLDG., MAKATI AVE., CORNER GIL PUYAT AVE. EXTENSION, MAKATI CITY

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FROM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended September 30, 2021

2. Commission identification number: PW-2   3. BIR Tax Identification No. 000-103-216

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

    hilippines
5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: (SEC Use Only)

    7/F Pacific Star Bldg., Gil J. Puyat Ave. corner Makati Avenue, Makati City
7. Address of issuer's principal office   Postal Code

    8190251
8. Issuer's telephone number, including area code

    N/A
9. Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common Stock outstanding and amount Of debt outstanding
Common	2,500,000,000

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

Yes [x] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	Common

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No. [x]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and content of Financial Statements, shall be furnished as specified therein.

Please see SEC FORM 17-Q - Table of Contents

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

Furnish the information required by Part III, Paragraph (A)(2)(b) of "Annex "C".

Please see SEC FORM 17-Q - Table of Contents

PART II – OTHER INFORMATION

The issuer may, at its option, report under item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer: A. SORIANO CORPORATION

Signature and Title: (Sgd.) JOSHUA CASTRO
VP- Asst. Corporate Secretary

Date: November 10, 2021

Principal Financial/Accounting Officer/Controller: (Sgd.) NARCISA M. VILLAFLOR
Signature and Title VP - Comptroller

Date: November 10, 2021

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PART I – FINANCIAL INFORMATION

A. SORIANO CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Thousand Pesos)

	September 30 2021	December 31 2020
ASSETS		
Current Assets		
Cash and cash equivalents	**2,874,390**	3,091,959
Fair value through profit and loss (FVPL) investments	**11,520,725**	10,022,872
Receivables	**2,182,011**	1,935,993
Inventories	**1,320,295**	1,052,586
Fair value through other comprehensive income (FVOCI) investments - current	**14,811**	-
Prepayments	**27,215**	36,741
Other current assets	**26,011**	17,110
Total Current Assets	**17,965,458**	16,157,261
Noncurrent Assets		
FVOCI investments - net of current portion	**208,865**	94,137
Notes receivables	**295,575**	307,500
Investments and advances	**329,559**	318,329
Goodwill	**1,302,276**	1,302,276
Property and equipment	**2,495,696**	2,480,841
Investment properties	**504,693**	515,703
Retirement plan asset	**89,127**	91,612
Deferred tax assets	**123,997**	123,998
Right of use assets	**20,722**	20,722
Other noncurrent assets	**165,319**	189,906
Total Noncurrent Assets	**5,535,829**	5,445,024
TOTAL ASSETS	**23,501,287**	21,602,285

LIABILITIES AND EQUITY		
Current Liabilities		
Notes payable	**23,166**	23,166
Accounts payable and accrued expenses	**1,095,187**	857,821
Dividends payable	**405,804**	366,069
Income tax payable	**165,287**	206,866
Current portion of lease liability	**4,923**	4,923
Current portion of long-term debt	**113,571**	151,429
Total Current Liabilities	**1,807,938**	1,610,274

	September 30	December 31
	2021	2020
Noncurrent Liabilities		
Long-term debt - net of current portion	**-**	75,714
Lease liability - net of current portion	**19,208**	19,208
Deferred income tax liabilities - net	**502,810**	468,392
Retirement benefits payable	**55,011**	56,895
Other noncurrent liabilities	**124,562**	111,412
Total Noncurrent Liabilities	**701,591**	731,621
Total Liabilities	**2,509,529**	2,341,895
Equity Attributable to Equity Holdings of the Parent		
Capital stock	**2,505,000**	2,500,000
Additional paid-in capital	**1,859,383**	1,859,383
Cumulative translation adjustment	**224,247**	99,261
Unrealized valuation gains (loss) on FVOCI investments	**(4,785)**	2,522
Remeasurement on retirement benefits	**23,720**	23,720
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**11,327,666**	9,715,904
Cost of shares held by a subsidiary	**(2,655,215)**	(2,655,215)
	20,430,016	18,695,575
Noncontrolling interests	**561,742**	564,815
Total Equity	**20,991,758**	19,260,390
TOTAL LIABILITIES AND EQUITY	**23,501,287**	21,602,285

A. SORIANO CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In Thousand Pesos Except Earnings per Share)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
REVENUES				
Sale of goods - net	**6,258,740**	4,377,627	**2,151,836**	1,840,152
Services	**605,141**	441,077	**118,398**	134,952
Dividend income	**321,744**	230,989	**196,730**	8,893
Interest income	**30,097**	50,493	**11,856**	11,985
	7,215,722	5,100,186	**2,478,820**	1,995,982
INVESTMENT GAINS (LOSSES)				
Gain on sale of FVOCI investments	**3,549**	1,150	**1,452**	289
Gain (loss) on increase (decrease) In market values of FVPL investments	**1,091,605**	(1,266,219)	**614,707**	(98,211)
	1,095,154	(1,265,069)	**616,159**	(97,922)
Equity in net earnings (losses) of associates	**7,467**	(555,261)	**2,582**	(383,524)
	8,318,343	3,279,856	**3,097,561**	1,514,537
Cost of goods sold	**(4,959,939)**	(3,400,971)	**(1,796,908)**	(1,402,986)
Services rendered	**(210,103)**	(181,577)	**(61,883)**	(62,629)
Operating expenses	**(757,880)**	(736,207)	**(241,978)**	(225,100)
Foreign exchange gain (loss)	**131,633**	(85,590)	**107,321**	(55,512)
Interest expense	**(7,122)**	(18,686)	**(1,916)**	(6,699)
Other income (charges) - net	**(474)**	694	**7,176**	1,519
	(5,803,885)	(4,422,338)	**(1,988,188)**	(1,751,406)
INCOME (LOSS) BEFORE INCOME TAX	**2,514,458**	(1,142,482)	**1,109,374**	(236,870)
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**253,091**	215,126	**54,333**	99,196
Deferred	**37,093**	(30,216)	**18,828**	(18,654)
	290,184	184,910	**73,161**	80,542
NET INCOME (LOSS)	**2,224,274**	(1,327,392)	**1,036,212**	(317,411)

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,193)**	(6,328)	**(6,664)**	608
Realized gain on sale of FVOCI investments, net of impairment losses	**(3,549)**	(1,150)	**(1,452)**	(289)
Income Tax Effect	**2,435**	2,244	**1,849**	(96)
Cumulative Translation Adjustment	**124,986**	(131,647)	**102,883**	(79,419)
OTHER COMPREHENSIVE INCOME (LOSS)	**117,679**	(136,882)	**96,616**	(79,196)
TOTAL COMPREHENSIVE INCOME (LOSS)	**2,341,953**	(1,464,273)	**1,132,828**	(396,608)
Net Income (Loss) Attributable to:				
Equity holders of the parent	**2,225,547**	(1,299,935)	**1,054,111**	(302,868)
Minority interest	**(1,273)**	(27,457)	**(17,899)**	(14,544)
	2,224,274	(1,327,392)	**1,036,212**	(317,411)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the parent	**2,343,226**	(1,436,816)	**1,150,727**	(382,064)
Minority interest	**(1,273)**	(27,457)	**(17,999)**	(14,544)
	2,341,953	(1,464,273)	**1,132,828**	(396,608)
Earnings Per Share				
Basic/Diluted, for net income (loss) attributable to equity holders of the Parent	**1.81**	(1.06)	**0.86**	(0.25)
Earnings Per Share				
Basic/Diluted, for total comprehensive income (loss) attributable to equity holders of the Parent	**1.91**	(1.17)	**0.94**	(0.31)

A. SORIANO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Attributable to Equity Holders of the Parent										
	Capital Stock						Retained Earnings				
	Common	Preferred	Additional Paid-in Capital	Unrealized Valuation Gain (Loss) on FVOCI Investments	Remeasurement on Retirement Benefits	Cumulative Translation Adjustment	Appropriated	Unappropriated	Cost of Shares Held by a Subsidiary	Noncontrolling Interests	Total
Balance at 12/31/2019	2,500,000	1,859,383	1,859,383	8,740	33,267	273,248	7,150,000	10,487,853	(2,369,372)	561,738	20,504,858
Comprehensive loss	-	-	-	(5,235)	-	(131,647)	-	(1,299,935)	-	(27,457)	(1,464,273)
Cash dividends - net	-	-	-	-	-	-	-	(937,596)	-	-	(937,596)
Shares repurchased during the year	-	-	-	-	-	-	-	-	(274,468)	-	(274,468)
Balance at 09/30/2020	2,500,000	-	1,859,383	3,505	33,267	141,601	7,150,000	8,250,323	(2,643,840)	534,281	17,828,520
Balance at 12/31/2020	2,500,000	-	1,859,383	2,522	23,720	99,261	7,150,000	9,715,904	(2,655,215)	564,815	19,260,390
Subscription of preferred shares	-	5,000	-	-	-	-	-	-	-	-	5,000
Comprehensive income	-	-	-	(7,307)	-	124,986	-	2,225,547	-	(1,273)	2,341,953
Cash dividends - net	-	-	-	-	-	-	-	613,785)	-	-	(613,785)
Movement in noncontrolling interest	-	-	-	-	-	-	-	-	-	(1,800)	(1,800)
Balance at 09/30/2021	**2,500,000**	**5,000**	**1,859,383**	**(4,785)**	**23,720**	**224,247**	**7,150,000**	**11,327,666**	**(2,655,215)**	**561,742**	**20,991,758**

A. SORIANO CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax	**2,514,458**	(1,142,482)	**1,109,374**	(236,870)
Adjustment for:				
Depreciation and amortization	**220,118**	206,700	**80,752**	68,399
Interest expense	**7,122**	18,686	**1,916**	6,699
Foreign exchange gain	**538**	10,244	**1,114**	15,769
Loss (gain) on decrease (increase) in market values of FVPL investments	**(1,091,605)**	1,266,219	**(614,707)**	98,211
Dividend income	**(321,744)**	(230,989)	**(196,730)**	(8,893)
Interest income	**(30,097)**	(50,493)	**(11,856)**	(11,985)
Equity in net losses of associates	**(7,467)**	555,261	**(2,582)**	383,524
Gain on sale of FVOCI investments	**(3,549)**	(1,150)	**(1,452)**	(289)
Gain on sale of property and equipment	**(129)**	(105)	**(63)**	(4)
Operating income before working capital changes	**1,287,645**	631,891	**365,765**	314,561
Decrease (increase) in:				
FVPL investments	**(298,008)**	656,301	**(102,191)**	(17,276)
Receivables	**(234,093)**	104,943	**(182,152)**	(341,997)
Inventories	**(267,710)**	(85,857)	**156,339**	41,779
Increase (decrease) in:				
Accounts payable and accrued expenses	**237,366**	(135,382)	**75,676**	187,982
Retirement benefits payable	**602**	3,582	**(1,778)**	1,194
Net cash generated from operations	**725,802**	1,175,477	**311,659**	186,243
Dividend received	**321,744**	230,989	**196,730**	8,893
Interest received	**30,218**	50,493	**11,978**	11,985
Interest paid	**(7,122)**	(18,686)	**(1,916)**	(6,699)
Income taxes paid	**(294,670)**	(243,457)	**(54,270)**	(20,910)
Net cash flows from operating activities	**775,972**	1,194,816	**464,181**	179,512

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**70,054**	276,070	**37,047**	32,395
Property and equipment	**129**	105	**63**	4
Addition to:				
FVOCI investments	**(193,943)**	(79,988)	**(29,302)**	(34,511)
Property and equipment	**(223,963)**	(118,984)	**(101,229)**	(35,806)
Decrease (increase) in:				
Prepayments and other assets	**25,211**	(27,278)	**56,562**	(34,671)
Other noncurrent liabilities	**13,149**	(13,014)	**11,490**	(13,953)
Advances to affiliates	**1,238**	105,173	**3,373**	(333)
Net cash flows used in investing activities	**(308,126)**	142,084	**(21,997)**	(86,875)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**(113,571)**	(214,696)	**(37,857)**	(37,857)
Cash dividends	**(574,050)**	(807,952)	**-**	-
Company shares purchased by a subsidiary	**-**	(274,468)	**-**	(274,468)
Increase (decrease) in:				
Lease liabilities	**-**	1,979	**(20)**	3,091
Minority interest	**(1,800)**	-	**(1,610)**	-
Net cash flows used in financing activities	**(689,421)**	(1,295,137)	**(39,487)**	(309,235)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**4,005**	(5,907)	**3,144**	(7,473)
NET INCREASE DECREASE IN CASH AND CASH EQUIVALENTS	**(217,570)**	35,855	**405,841**	(224,070)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**3,091,959**	2,308,878	**2,468,548**	2,568,804
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,874,390**	2,344,734	**2,874,390**	2,344,734

A. SORIANO CORPORATION

PARENT COMPANY BALANCE SHEETS

(In Thousand Pesos)

	September 30 2021	December 31 2020
ASSETS		
Cash and Cash Equivalents	**701,574**	529,192
Fair Value through Profit and Loss (FVPL) Investments	**9,776,047**	8,256,496
Fair Value through Other Comprehensive Income (FVOCI) Investments	**223,676**	94,137
Receivables - net	**504,233**	517,572
Investments and Advances- net	**7,404,773**	7,623,492
Investment Properties	**266,682**	277,692
Property and Equipment - net	**7,912**	7,128
Retirement Plan Asset	**87,271**	87,271
Other Assets	**1,812**	1,235
TOTAL ASSETS	**18,973,980**	17,394,215
LIABILITIES AND EQUITY		
Liabilities		
Accounts Payable and Accrued Expenses	**126,759**	52,172
Dividends Payable	**405,804**	366,069
Deferred Income Tax Liabilities - net	**187,664**	147,250
Total Liabilities	**720,227**	565,491
Equity		
Capital Stock	**2,505,000**	2,500,000
Additional Paid-in Capital	**1,589,800**	1,589,800
Unrealized valuation gains (loss) on FVOCI Investments	**(4,785)**	2,522
Remeasurement on Retirement Benefits	**48,011**	48,011
Retained Earnings		
Appropriated	**7,150,000**	7,150,000
Unappropriated	**6,965,727**	5,538,392
Total Equity	**18,253,753**	16,828,725
TOTAL LIABILITIES AND EQUITY	**18,973,980**	17,394,215

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF INCOME

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
REVENUES				
Dividend income	**918,744**	1,413,270	**196,730**	8,927
Management fees	**83,551**	61,731	**21,895**	28,158
Interest income	**25,953**	42,036	**9,898**	9,825
	1,028,248	1,517,037	**228,523**	46,909
INVESTMENT GAINS (LOSSES)				
Gain (loss) on increase (decrease) in market values of FVPL investments	**1,654,618**	(1,481,318)	**742,902**	112,259
Gain on sale of FVOCI investments	**3,550**	1,150	**1,452**	289
	1,658,168	(1,480,168)	**744,354**	112,549
	2,686,416	36,869	**972,877**	159,458
Operating expenses	**(105,617)**	(184,855)	**(36,682)**	(33,167)
Foreign exchange gain (loss)	**126,781**	(81,307)	**104,037**	(51,442)
Interest expense	**(9)**	(1,323)	**-**	(12)
Others net	**14,343**	13,989	**8,421**	6,674
	35,498	(253,496)	**75,777**	(77,947)
INCOME (LOSS) BEFORE INCOME TAX	**2,721,914**	(216,627)	**1,048,655**	81,511
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	**1,489**	890	**508**	741
Deferred	**43,090**	(24,219)	**20,827**	(16,232)
	44,579	(23,329)	**21,335**	(15,491)
NET INCOME (LOSS)	**2,677,335**	(193,298)	**1,027,319**	97,002
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized valuation gain (loss) on FVOCI investments	**(6,193)**	(6,328)	**(6,664)**	608
Realized gain on Sale of FVOCI investments	**(3,549)**	(1,150)	**(1,452)**	(289)
Income Tax Effect	**2,435**	2,243	**1,849**	(96)
OTHER COMPREHENSIVE INCOME (LOSS)	**(7,307)**	(5,235)	**(6,268)**	223
TOTAL COMPREHENSIVE INCOME (LOSS)	**2,670,028**	(198,533)	**1,021,052**	97,225
Earnings Per Share:				
Net income (loss)	**1.071**	(0.077)	**0.411**	0.039
Total comprehensive income (loss)	**1.068**	(0.079)	**0.408**	0.039

A. SORIANO CORPORATION

PARENT COMPANY STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(In Thousand Pesos)

	Capital Stock		Additional	Unrealized Valuation Gains (loss)	Remeasurement on Retirement	Retained Earnings		
	Common	Preferred	Paid-in Capital	on FVOCI Investments	Benefits Gain	Appropriated	Unappropriated	Total
Balance at 12/31/2019	2,500,000	-	1,589,800	8,740	41,996	7,150,000	6,843,782	18,134,317
Comprehensive loss	-	-	-	(5,235)	-	-	(193,298)	(198,533)
Cash dividends	-	-	-	-	-	-	(1,875,000)	(1,875,000)
Balance at 09/30/2020	2,500,000		1,589,800	3,505	41,996	7,150,000	4,775,484	16,060,784
Balance at 12/31/2020	2,500,000	-	1,589,800	2,522	48,011	7,150,000	5,538,392	16,828,725
Subscription of preferred shares	-	5,000	-	-	-	-	-	5,000
Comprehensive income	-	-	-	(7,306)	-	-	2,677,335	2,670,028
Cash dividends	-	-	-	-	-	-	(1,250,000)	(1,250,000)
Balance at 09/30/2021	**2,500,000**	**5,000**	**1,589,800**	**(4,785)**	**48,011**	**7,150,000**	**6,965,727**	**18,253,753**

A. SORIANO CORPORATION

PARENT COMPANY STATEMENTS OF CASH FLOWS

(In Thousand Pesos)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before tax	**2,721,914**	(216,627)	**1,048,655**	81,511
Adjustment for:				
Depreciation and amortization	**14,241**	13,751	**5,095**	4,722
Interest expense	**9**	1,323	**-**	12
Loss (gain) on decrease (increase) in market values of FVPL investments	**(1,654,618)**	1,481,318	**(742,902)**	(112,259)
Dividend income	**(918,744)**	(1,413,270)	**(196,730)**	8,927)
Unrealized foreign exchange loss (gain)	**(124,448)**	75,924	**(101,770)**	53,055
Interest income	**(25,953)**	(42,036)	**(9,898)**	(9,825)
Gain on sale of FVOCI investments	**(3,549)**	(1,150)	**(1,452)**	(289)
Operating gain loss before working capital changes	**8,850**	(100,766)	**998**	8,000
Decrease (increase) in:				
Receivables	**13,339**	231,495	**(24,955)**	6,096
FVPL investments	**243,307**	488,370	**89,673**	(26,199)
Decrease in accounts payable and accrued expenses	**74,586**	(22,109)	**3,669**	2,371
Net cash generated from (used in) operations	**340,083**	596,989	**69,385**	(9,733)
Dividend received	**571,744**	477,270	**196,730**	133,927
Interest received	**26,075**	42,036	**10,020**	9,825
Interest paid	**(9)**	(1,323)	**-**	(12)
Income tax paid	**(1,489)**	(891)	**(508)**	(741)
Net cash flows from operating activities	**936,404**	1,114,082	**275,627**	133,265
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of :				
FVOCI investments	**70,054**	276,070	**37,047**	32,395
Redemption of preferred shares				
Additions to:				
FVOCI investments	**(193,943)**	(79,988)	**(29,302)**	(34,511)
Property and equipment	**(4,015)**	(916)	**(2,892)**	(874)

(Forward)

	Periods Ended September 30		Quarters Ended September 30	
	2021	2020	**2021**	2020
Decrease (increase) in:				
Advances to affiliates	**(65,495)**	(294,824)	**(16,262)**	(291,140)
Other assets	**(577)**	(307)	**(122)**	52
Net cash flows used in investing activities	**(193,977)**	(99,965)	**(11,531)**	(294,078)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of:				
Long-term debt	**-**	(113,850)	**-**	-
Cash dividends	**(574,050)**	(807,952)	**-**	-
Net cash flows used in financing activities	**(574,050)**	(921,802)	**-**	-
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	**4,005**	(5,943)	**3,144**	(7,893)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**172,382**	86,372	**267,240**	(168,706)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**529,192**	251,441	**434,334**	506,519
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**701,574**	337,813	**701,574**	337,813

Additional Notes to Consolidated Financial Statements

1. Segment Information

Information with regard to the Company's significant business segments are shown below (in thousand pesos):

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
09/30/2021							
REVENUE	6,258,740	506,752	657,857	2,686,416	10,109,765	(1,791,422)	**8,318,343**
TOTAL COMPREHENSIVE INCOME (LOSS)	733,848	(6,354)	518,458	2,670,028	3,915,980	(1,574,027)	**2,341,953**
TOTAL ASSETS	5,425,756	1,732,307	13,539,816	18,973,980	39,671,859	(16,170,572)	**23,501,287**
INVESTMENTS PORTFOLIO *	17,662	121,876	26,036,207	17,671,178	43,846,923	(31,268,271)	**12,578,652**
PROPERTY & EQUIPMENT	629,771	728,812	121,133	7,912	1,487,628	1,008,068	**2,495,696**
TOTAL LIABILITIES	908,787	505,286	3,024,077	720,227	5,158,377	(2,648,848)	**2,509,529**
DEPRECIATION AND AMORTIZATION	66,806	84,227	34,856	14,241	200,130	19,988	**220,118**

	Before Eliminations						
	Wire Manufacturing	Resort Operation	Other Operations (Note 1)	Holding Co (Parent)	Total	**Eliminations**	**After Eliminations Consolidated**
09/30/2020							
REVENUE	4,377,627	366,079	1,032,873	36,869	5,813,448	(2,533,592)	**3,279,856**
TOTAL COMPREHENSIVE INCOME (LOSS)	494,261	(59,848)	906,938	(198,533)	1,142,818	(2,607,091)	**(1,464,273)**
TOTAL ASSETS	4,736,324	1,633,579	12,526,648	16,569,120	35,465,671	(15,365,320)	**20,100,351**
INVESTMENTS PORTFOLIO *	20,462	126,844	23,655,550	15,666,577	39,469,433	(29,332,431)	**10,137,002**
PROPERTY & EQUIPMENT	611,003	717,430	114,986	7,619	1,451,038	1,034,719	**2,485,757**
TOTAL LIABILITIES	888,204	463,493	3,130,394	508,336	4,990,427	(2,718,596)	**2,271,831**
DEPRECIATION AND AMORTIZATION	63,872	77,368	31,721	13,751	186,712	19,988	**206,700**

**** Inclusive of FVPL investments, FVOCI investments, advances & investments and investment properties.***

Note 1 Consolidated other operations also included the operations of A. Soriano Air Corporation, Anscor International, Inc. and Anscor Holdings, Inc.

- The Company and its subsidiaries' operating businesses are organized and managed separately according to the nature of the products or services offered.
- Holding company segment pertains to the operation of the parent company with earnings from income of its financial and operating investment assets.
- Other operations include real estate holding, aviation and management services.

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

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies

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 September 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.

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

Effective beginning on or after January 1, 2021

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

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

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

- The Group shall also disclose information about:

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

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

Effective beginning on or after January 1, 2022

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

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

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

  The amendments are effective for annual reporting periods beginning on or after 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*

Effective beginning on or after January 1, 2023

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

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

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

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

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

3. Summary of Significant Accounting and Financial Reporting Policies

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and the following wholly-owned and majority-owned subsidiaries as at September 30, 2021 and December 31, 2020:

		Percentage of Ownership	
	Nature of Business	**2021**	2020
A. Soriano Air Corporation	Services/Rental	**100**	100
Pamalican Island Holdings, Inc.	Holding	**62**	62
Island Aviation, Inc.	Air Transport	**62**	62
Anscor Consolidated Corporation	Holding	**100**	100
Anscor Holdings (formerly Goldenhall Corp.)	Real Estate Holding	**100**	100
Akapulko Holdings, Inc.	Real Estate Holding	**100**	100
Lakeroad Corp.	Real Estate Holding	**100**	100
Mainroad Corp.	Real Estate Holding	**100**	100
Makatwiran Holdings, Inc.	Real Estate Holding	**100**	100
Makisig Holdings, Inc.	Real Estate Holding	**100**	100
Malikhain Holdings, Inc.	Real Estate Holding	**100**	100
Mountainridge Corp.	Real Estate Holding	**100**	100
Rollingview Corp.	Real Estate Holding	**100**	100
Timbercrest Corp.	Real Estate Holding	**100**	100
Anscor International, Inc. (AI)	Holding	**100**	100
IQ Healthcare Investments Limited (IQHIL)	Manpower Services	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Manpower Services	**93**	93
Phelps Dodge International Philippines, Inc.	Holding	**100**	100
Minuet Realty Corporation	Landholding	**100**	100
Phelps Dodge Philippines Energy Products Corporation	Wire Manufacturing	**100**	100
PD Energy International Corporation	Wire Manufacturing	**100**	100
Sutton Place Holdings, Inc.	Holding	**100**	100
Summerside Corp.	Investment Holdings	**100**	40
AFC Agribusiness Corporation	Real Estate Holding	**81**	81
Seven Seas Resorts and Leisure, Inc.	Villa Project Development	**62**	62
Pamalican Resort, Inc.	Resort Operations	**62**	62

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

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

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

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

In 2008, Sutton acquired an additional 32% interest in CGI, increasing its ownership to 93%. The excess of the consideration over the book value of the interest acquired was taken to "Equity Reserve on Acquisition of Noncontrolling Interest" in the consolidated balance sheet.

<u>Current Versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

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

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

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

Investments in Associates

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

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

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

The Group determines at the end of each reporting period whether there is any evidence that the investments in associates are impaired. If this is the case, the amount of impairment is calculated as the difference between the carrying amount of the investments and their recoverable amount.

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

The following are the Group's associates:

		Percentage of Ownership	
	Nature of Business	**2021**	2020
Associates			
Prople Limited	Business Process Outsourcing	**32**	32
Vicinetum Holdings, Inc. (VHI)	Holding	**32**	32
AG&P International Holdings, Pte Ltd (AGP-SG)*	Holding	**21**	21
Fremont Holdings, Inc. (FHI)	Real Estate	**25**	25
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	**21**	21
ATRAM Investment Management Partners Corp. (AIMP)	Asset Management	**20**	20

** Its associate is engaged in modular steel fabrication and LNG.*

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

<u>Business Combinations and Goodwill</u>

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with changes in fair value recognized either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

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

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

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

Asset Acquisitions

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

Disposal Group and Discontinued Operations

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

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

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

Foreign Currency Translation

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

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

Fair Value Measurement

The Group measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

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

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

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

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

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL.

As of September 30, 2021 and December 31, 2020, the Group has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

Derivatives recorded at FVPL
The Group enters into derivative contracts such as currency forwards. These derivative financial instruments are initially recorded at fair value and are subsequently remeasured at fair value at each reporting date. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as accounting hedges) are taken directly to the consolidated profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

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

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

Embedded derivatives are measured at fair value with changes in fair value recognized in the consolidated profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVPL category.

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

As at September 30, 2021 and December 31, 2020, the Group has designated as FVPL all equity investments, money market papers, investments in bonds that have callable and other features, managed/hedged funds and derivatives. No financial liability at FVPL is outstanding as at September 30, 2021 and December 31, 2020.

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

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

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the consolidated profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the consolidated profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments, trade receivables, interest receivable, advances to employees, receivables from villa owners, dividend receivable, notes receivable and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as "Gain (loss) on sale of FVOCI investments". Where the Group holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Group classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at September 30, 2021 and December 31, 2020, the Group's FVOCI investments include investments in bonds.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at September 30, 2021 and December 31, 2020, included in this category are the Group's notes payable, accounts payable and accrued expenses, long-term debt and dividends payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets
A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized or removed from the consolidated balance sheet where:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated profit or loss.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash

flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at FVOCI comprise solely of top investment grade bonds that are graded by top credit rating agencies and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the top credit rating agencies both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes

the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the consolidated profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the consolidated balance sheet. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Sale of goods, including villa lots, is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Sale of real estate

Revenue of villa lots is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Rendering of services

Management fees, air transport services, and other aviation-related activities are recognized when the services have been performed.

Revenue from rooms is recognized based on actual occupancy. Other ancillary services are recognized when the related services are rendered and/or facilities/amenities are used.

Interest
Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

<u>Costs and Expenses</u>
Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Cost of goods sold
The cost of goods sold is recognized as expense when the related goods are sold.

Cost of real estate sold
The cost of real estate sold includes the acquisition cost of the land determined based on average method and the actual construction and furnishing costs.

Costs of services rendered
Cost and expenses related to room services are charged to operations when incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

<u>Other Comprehensive Income</u>
Other comprehensive income comprises of items of income and expense that are not recognized in consolidated profit or loss for the year in accordance with PFRS. Other comprehensive income of the Group pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities. In computing for the earnings available for dividend declaration and earnings per share, other comprehensive income is not considered.

Cash and Cash Equivalents

Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost of aircraft spare parts and supplies is determined at purchase price using the first-in, first-out method while NRV is the estimated current replacement cost of such spare parts and supplies.

Cost of food and beverage inventories and operating supplies is determined using the moving average method. NRV of food and beverage inventories is the estimated selling price in the ordinary course of business, less the estimated cost of preparation and the estimated cost necessary to make the sale. NRV of operating supplies is the estimated current replacement cost.

Residential units held for sale include those costs incurred for the development and improvement of the properties. Its NRV is based on the available net selling price of similar residential units sold during the year.

Finished goods and work in process is determined at standard cost adjusted to actual cost, which includes direct materials, direct labor and applicable allocation of fixed and variable costs, determined using weighted average method. Raw materials, other materials, reels inventory and spare parts and supplies are determined at purchase price using weighted average method.

Prepayments

Prepayments include advance payments of various goods and services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or, within 12 months from the reporting date.

They are initially measured at the amount paid in advance by the Group for the purchase of goods and services and are subsequently decreased by the amount of expense incurred.

Property and Equipment

Depreciable properties, including buildings and improvements, leasehold improvements, machinery and other equipment, flight and ground equipment, furniture, fixtures and office equipment, and transportation equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost less any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Property and equipment are written-off when either these are disposed of or when these are permanently withdrawn from use and there is no more future economic benefit expected from its use or disposal.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation is computed on a straight-line method over the following estimated useful lives of the properties, except for aircraft engine which is computed based on flying hours.

Category	Number of Years
Buildings and improvements	10 - 30
Land improvements	25
Leasehold improvements*	5 - 20
Flight and ground equipment	5 - 25
Furniture, fixtures and office equipment	3 - 5
Transportation equipment	3 - 5

* *or lease term, whichever is shorter*

The useful lives, depreciation and amortization method, and residual values are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the use of property and equipment.

Construction in progress (CIP) is stated at cost. This includes cost of construction and other direct costs. CIP is not depreciated until such time the relevant assets are completed and put into operational use.

Property Development in Progress

Property development in progress includes the acquisition costs of raw lots and development costs incurred.

Property development in progress is carried at the lower of cost incurred and net realizable value. Net realizable value is the selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Investment Properties

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, the Group's investment properties are stated at cost, less accumulated depreciation and any accumulated impairment losses. Land is subsequently carried at cost less any impairment in value.

Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred. Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Investment properties are written-off when either these are disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of the investment property are recognized in the consolidated statement of income in the year of retirement or disposal.

Impairment of Nonfinancial Assets

At each reporting date, the Group assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in

use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, an impairment loss is recognized immediately in the consolidated statement of income.

Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill as of December 31 of each year.

Other Noncurrent Assets and Other Noncurrent Liabilities

Other noncurrent assets represent restricted cash funds for future acquisition of specific property and equipment and for future villa operating requirements. A corresponding liability is recognized for these funds under other noncurrent liabilities.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared.

Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration.

Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Cost of Shares Held by a Subsidiary

The Company's shares which are acquired and held by a subsidiary (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's shares. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
b. A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;

c. There is a change in the determination of whether fulfillment is dependent on a specified asset; or
d. There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d above, and at the date of renewal or extension period for scenario b.

The Group as Lessee
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

The Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

Pension Benefits
The Group has a non-contributory defined benefit retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.
Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

<u>Income Taxes</u>

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that have been enacted or substantively enacted as of end of the reporting period.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred income tax assets are recognized for deductible temporary differences, carry forward of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carry forward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

Deferred income tax liabilities are not provided on taxable temporary differences associated with investments in domestic subsidiaries. With respect to investments in foreign subsidiaries, deferred income tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are re-assessed at each end of reporting period and are recognized to the extent that it has become probable that sufficient future taxable income will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Current income tax and deferred income tax relating to items recognized directly in equity are also recognized in equity and not in the consolidated statement of income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Input VAT is the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services, including lease or use of property, from a VAT-registered person. VAT on capital goods are spread evenly over the useful life or 60 months, whichever is shorter.

Output VAT pertains to the 12% tax due on the lease or exchange of taxable goods or properties or services by the Group.

For its VAT-registered activities, when VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position up to the extent of the recoverable amount.

For its non-VAT registered activities, the amount of VAT passed on from its purchases of goods or service is recognized as part of the cost of goods/asset acquired or as part of the expense item, as applicable.

Earnings Per Share
Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Company does not have potentially dilutive common shares as of September 30, 2021 and December 31, 2020.

Dividends on Common Shares
Dividends on common shares are recognized as a liability and deducted from equity when approved by the respective shareholders of the Company and subsidiaries. Dividends for the year that are approved after the end of reporting period are dealt with as an event after the end of reporting period.

Events After the Reporting Period
Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the consolidated financial statements.

Determination of functional currency
The Company's functional currency was determined to be the Peso. It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at September 30, 2021 and December 31, 2020, the Group made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Operating lease commitments - the Group as Lessee
The Group has entered into leases of office and commercial spaces. The Group has determined that all significant risks and rewards of ownership of these spaces remain with the lessors.

Assessment of control over the entities for consolidation
The Group has wholly owned, majority and minority-owned subsidiaries discussed in Note 3. Management concluded that the Group controls these majority and minority-owned subsidiaries arising from voting rights and, therefore, consolidates the entities in its consolidated financial statements.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation and uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type and customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the advances to related parties, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:
- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Group's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Group.

Impairment of FVOCI debt investments
For FVOCI debt investments, the Group assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Group assesses whether the credit risk on that financial instrument has increased significantly since initial recognition. The Group did not recognize impairment loss in 2019 and 2018.

Estimation of allowance for inventory and impairment losses
The Group estimates the allowance for inventory obsolescence and impairment losses related to inventories based on specifically identified inventory items. The amounts and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in allowance for inventory and impairment losses would increase recorded expenses and decrease current assets.

Estimation of useful lives of the Group's property and equipment
The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives of these assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

In addition, the estimation of the useful lives of these assets is based on collective assessment of internal technical evaluation and experience with similar assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

Impairment of non-financial assets
(a) Property and equipment and investment properties

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

There is no impairment loss on property and equipment and investment properties.

(b) Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. In assessing the recoverability of the Group's goodwill, management exercised significant judgments and used assumptions such as revenue growth rates, discount rates and long-term growth rates in estimating the value-in-use of these cash-generating units.

Recognition of deferred income tax assets
The Group reviews the carrying amounts of the deferred income tax assets at each end of the reporting period and reduces deferred income tax assets to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Significant management judgment is required to determine the amount of deferred income tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. However, there is no assurance that the Group will utilize all or part of the deferred income tax assets.

Determination of pension and other retirement benefits
The cost of defined benefit pension plans as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and cash equivalents, receivables, investments in debt instruments, quoted and unquoted equity securities, investments in mutual and hedge funds, and short-term and long-term bank loans. The Group's other financial instruments include accounts payable and dividends payable and amounts due to affiliates, which arose directly from operations.

The Company's investment objectives consist mainly of:

a) maintaining a bond portfolio that earns adequate cash yields and,
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, equity price risk, foreign currency risk, and copper price risk. These risks are monitored by the Company's Investment Committee (the Committee).

The Committee evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund. The Committee is formed by the Company's Chairman, Vice Chairman, Chief Finance Officer, Corporate Development Officer and an independent consultant. These meetings occur at least every quarter. The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Group is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of either an individual, counterparty or issuer being unable to or unwilling to honor its contractual obligations. The Group is exposed to credit risk arising from default of the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Group does not have a counterparty that accounts for more than 10% of the consolidated revenue.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Group transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Credit quality per class of financial assets
For the Group's financial assets, credit quality is monitored and managed using internal credit ratings. Internal risk ratings are derived in accordance with the Group's rating policy.

The Group evaluates credit quality on the basis of the credit strength of the security and/or counterparty/ issuer. High grade financial assets reflect the investment grade quality of the investments and/or counterparty; reliability is thus assured. Standard grade assets are considered moderately realizable.

Liquidity risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Group ensures investments have ample liquidity to finance operations and capital requirements. Short-term bank loans are secured to fill in temporary mismatch of funds for new investments.

Where applicable, long-term debt or equity are used for financing when the business requirement calls for it to ensure adequate liquidity in the subsidiaries and affiliates' operation.

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due. This is done by primarily investing in highly liquid investments.

The Group's total financial liabilities due to be settled within one year include notes payable that management considers as working capital. Accounts payable and accrued expenses and dividends payable are expected to be settled using cash to be generated from operations and drawing from existing lines of credits or liquidity reserves.

Market risks

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Group. The Group is exposed primarily to the financial risks of changes in interest rates, equity price risk, price risk of mutual funds, and foreign currency risk.

Investments exposed to market risk are foreign and local currency denominated quoted debt instruments, foreign and local currency denominated equity instruments and mutual fund/hedge fund investments.

There has been no change to the Group's manner in managing and measuring the risk.

a. Interest rate risks

   Cash flow interest rate risk

   Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group accounts for its quoted debt instruments at fair value. Changes in benchmark interest rate will cause changes in the fair value of quoted debt instruments.

b. Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stock. The equity price risk exposure arises from the Group's investment in stock listed in the Philippine Stock Exchange (PSE).

The sensitivity analysis assumes that the stock's standard deviation on its historical returns for the past one year provides the basis for the range of reasonably possible changes in prices of the stock investments. In establishing the relative range of the stock investment returns, the Group also assumes a 99% confidence level.

c. Price risk of mutual funds

The Group is exposed to the risk of changes in the fund's net asset value (NAV) due to its market risk exposures.

d. Foreign currency risks

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rate. The Group's exposure arises primarily from investments in foreign currency denominated debt investments and equity securities.

The Company and a subsidiary's foreign exchange risk arises primarily from investments in foreign currency denominated debt and equity securities. To minimize income volatility due to exchange rate movements, liquid investments are held in a basket of currencies, including Philippine peso and other major currencies such as U.S. dollar, Euro and Japanese Yen. This also enables the Company and a subsidiary to access investment opportunities in those currencies. The Company occasionally engages in foreign currency forward contracts as a defensive measure against foreign currency volatility.

On borrowings, it is the Company's group-wide policy for its subsidiaries and associates where it has significant influence to minimize any foreign exchange risks. Thus, all borrowings whether short-term or long-term, in general, should be in Philippine peso. Any foreign currency borrowings may be engaged only if matched by the entities' corresponding currency revenue flows or by a foreign currency asset. As such, PRI,

SSRLI and CGI can borrow in U.S. dollar as their revenues are dollar-based. It is also the policy of the Group to minimize any foreign exchange exposure in its management of payables. Any substantial exposure is covered by foreign exchange contracts, if necessary.

e. Copper price risk

The PDP Group uses copper rods in the manufacturing of its products. Copper rods component represents a significant portion of the cost of each unit produced.

Copper rods are priced based on the London Metal Exchange prices and are affected by the volatility in the price of metal in the world market.

The PDP Group's exposure to price risk on copper rod purchases is managed through back-to-back purchase of rods versus sales orders, average pricing on the firm orders like automobile wire products with long-term contracts, and obtaining orders from contractors with a fixed price or locked-in contracts with a specified period.

Capital Management

The primary objective of the Group's capital management is to ensure an adequate return to its shareholders and to maximize its value to its shareholders. In pursuance of this goal, the Group establishes an optimum risk return investment objective through a sound diversified investment portfolio and in ensuring a fair credit rating, the Group establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Group monitors capital on the basis of the carrying amount of equity as presented on the face of the consolidated balance sheet.

No changes were made in the objectives, policies or process for the period ended September 30, 2021.

6. Financial Instruments

Fair Values of Financial Assets and Liabilities

The carrying amounts of cash and cash equivalents, receivables, notes payable, dividends payable and accounts payable and accrued expenses approximate their fair values due to the short-term maturity of these financial instruments.

The carrying values of long-term debt, which have floating rates with quarterly repricing, approximate their fair values.

FVPL and FVOCI investments are carried at fair value. The following methods and assumptions were used to estimate the fair values:

- FVPL quoted equity shares, investments in bonds, funds and equities, proprietary shares and others are derived from quoted market prices in active markets.

- FVOCI investments in bonds are derived from quoted market prices in active markets.

- FVPL investments in KSA and Enderun shares are based on the discounted cash flow (DCF) model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, and growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- FVPL investments in private equity funds are valued using the adjusted net asset method. The underlying investments under these private equity funds are carried at fair value. Other FVPL investments in unquoted equity shares are based on prices and other relevant information generated by market transactions involving identical and comparable assets, liabilities or a group of assets and liabilities, such as business. The valuation requires management to use market multiples derived from a set of comparables. Multiples might be in ranges with a difference multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

The following tables provide the Group's fair value measurement hierarchy of its assets:

As at September 30, 2021:

		Fair value measurement using		
	Total	**Quoted prices in active Markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
FVPL investments:				
Quoted equity shares	**₱7,218,787**	**₱7,218,787**	**₱–**	**₱–**
Unquoted equity shares	**1,714,571**	**–**	**–**	**1,714,571**
Funds and equities	**1,817,527**	**–**	**1,817,527**	**–**
Bonds and convertible note	**386,491**	**386,491**	**–**	**–**
Proprietary shares	**375,627**	**–**	**375,627**	**–**
Others	**7,722**	**7,722**	**–**	**–**
	11,520,725	**7,613,000**	**2,193,154**	**1,714,571**
FVOCI investments:				
Bonds and convertible note	**223,676**	**223,676**	**–**	**–**
	₱11,744,401	**₱7,836,676**	**₱2,193,154**	**₱1,714,571**

As of December 31, 2020

		Fair value measurement using		
	Total	Quoted prices in active Markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)
FVPL investments:				
Quoted equity shares	₱6,481,857	₱6,481,857	₱–	₱–
Funds and equities	1,319,052	–	1,319,052	–
Unquoted equity shares	1,248,945	–	227,236	1,021,709
Bonds and convertible note	529,582	529,582	–	–
Proprietary shares	363,627	–	363,627	–
Others	79,809	79,809	–	–
	10,022,872	7,091,248	1,909,915	1,021,709
FVOCI investments	94,137	94,137	–	–
	₱10,117,009	₱7,185,385	₱1,909,915	₱1,021,709

Description of significant unobservable inputs to valuation of financial instruments classified under Level 3 (in millions):

2021 and 2020

	Valuation Technique	**Significant unobservable inputs**	**Range**	**Sensitivity of input to fair value**
KSA	DCF Model	Dividend payout is 121.0 million 3% annual increase at the end of 2nd year	0% to 5%	0% fair value of ₱803 5% fair value of ₱1,260
		Liquidity discount of 20%	10% to 30%	10%: fair value of ₱1,149 30% fair value of ₱894
		Cost of equity of 12.80%	12.6% to 13.6%	12%: fair value of ₱1,041 14% fair value of ₱948

An increase in the expected lease income of KSA would increase the dividend payout, which would lead to an increase in the fair value of the investment in KSA.

Reconciliation of fair value measurement of FVPL assets in unquoted equity shares (in millions):

	KSA
As at 1 January 2020	₱1,021.7
Unrealized gain in profit or loss	–
As at 31 December 2020	1,021.7
Unrealized gain in profit or loss	–
As at 30 September 2021	**₱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 period ended September 30, 2021 and December 31, 2020, there were no transfers other than mentioned above.

7. Financial Condition

There was no other significant change in the Company's Consolidated Balance Sheet as of September 30, 2021 versus December 31, 2020.

Cash and Cash Equivalents
The decrease in cash and cash equivalents can be attributed to net cash used in investing activities and financing activities partially offset by cash generated from operating activities.

(Please see attached consolidated cash flow statements for detailed analysis of cash movements on pages 6 and 7).

Fair Value Through Profit and Loss (FVPL) Investments
The increase in the account can be attributed to the P1.1 billion increase in market value of local traded shares and foreign denominated investment in bonds, stocks and funds. Net addition for the period amounted to P298.0 million and unrealized foreign exchange gain related to foreign denominated investments amounts to P108.2 million.

Receivables
The increase in receivables was mainly due to improved revenues of the wire manufacturing business and resort operation.

Inventories
The increase was due to higher level of finished goods and raw materials inventories of the wire manufacturing subsidiary and higher spare parts and supplies of the aviation subsidiary.

Fair value through other comprehensive income (FVOCI) investments - current & noncurrent
Net increase in this account amounted to P129.5 million. The increase can be attributed to net additions to investments of P123.9 million and unrealized foreign exchange gain of P12.2 million for nine months of 2021 partially offset by the decline in market value of the FVOCI investments.

Notes Receivables
The decrease was attributable to the collection of advances by the Parent company to Anscor Retirement Trust Fund.

Investments and Advances
The increase in investments and advances was mainly due to share in the equity earnings of the associates amounting to P7.5 million and advances to associates of P3.8 million.

Property and Equipment - net
The increase can be traced to acquisition of property and equipment amounting to P224.0 million attributable to capital expenditures of the manufacturing, aviation and resort subsidiaries, reduced by depreciation amounting to P209.1 million.

Investment Properties
Decrease was due to depreciation amounting to P11.0 million.

Other Noncurrent Assets
Change in the account balance can be attributed to the decrease in fund of the resort subsidiary for the villa operation which was used for maintenance and capex requirements.

Accounts Payable and Accrued Expenses
The increase was mainly attributable to the recorded liabilities to the suppliers of the resort and wire manufacturing subsidiaries.

Dividends Payable
The balance pertained to unencashed checks of stockholders with problematic addresses.

Income Tax Payable
Movement in the account was attributable to income tax paid by the resort, aviation and wire manufacturing subsidiaries for nine months of 2021, partially offset by tax provision during the period by the Group.

Long-term Debt (current and noncurrent)
The decrease in the account can be attributed to P113.6 million loan paid by PDP.

Deferred Income Tax Liabilities
Increase in the account was mainly due to the deferred tax effect of unrealized increase in market value of FVPL investments and unrealized foreign exchange gain.

Other Noncurrent Liabilities
Movement in the account balance was mainly due to increase in reserve for future facilities improvement of the resort subsidiary.

Cumulative Translation Adjustment (CTA)
This account includes translation adjustments of Anscor International, Inc., and IQHPC. Due to the appreciation of US$ vis-à-vis Philippine peso, CTA balance increased by P125.0 million.
Unrealized valuation gain (loss) on FVOCI investments (equity portion)

Decrease in the account is attributable to the decline in market values of FVOCI investments, mainly bonds, from January 1 to September 30, 2021.

Others
There were no commitments for major capital expenditures in 2021.

8. Results of Operation

Management is not aware of any known trends, events or uncertainties except for political, market uncertainties and COVID-19 that may have material impact on the Company's recurring revenues and profits.

The following are the key performance indicators for the Parent Company (In thousand pesos except earnings per share and market price per share):

	Periods ended September 30	
	2021	2020
Revenues (excluding investment gains or losses)	**1,028,248**	1,517,037
Investment Gains (Losses)	**1,658,168**	(1,480,168)
Total Comprehensive Income (Loss)	**2,670,028**	(198,533)
Earnings Per Share		
Net Income (Loss)	**1.071**	(0.077)
Total Comprehensive Income (Loss)	**1.068**	(0.079)
Market Price Per Share (PSE)	**6.96**	6.38

The discussions below were based on the consolidated results of the Company and its subsidiaries.

Revenues
This year’s consolidated gross revenues of P8.3 billion was higher from last year’s revenue of P3.3 billion due to improved market value of FVPL investments and higher revenues of the resort and the wire manufacturing operations despite the community quarantine due to COVID-19 pandemic.

Cost of Goods Sold

Increase in cost of goods sold was mainly attributable to higher cost of goods of the wire manufacturing subsidiary due to higher volume of sold products.

Cost of Services Rendered

Increase in cost of services rendered was mainly due to higher occupancy rate and revenues of the resort subsidiary from local guests in 2021.

Operating Expenses

The Group reported a minimal increase in consolidated operating expenses for nine months of 2021. The higher overhead of the resort and wire manufacturing subsidiaries due to their increased revenue was offset by lower operating expenses of the parent company (no bonus was given in 2021 since a consolidated loss was reported for the year 2020).

Foreign Exchange Gain

Due to the depreciation of peso vis-à-vis dollar, the parent company reported foreign exchange gain on its foreign currency denominated investments in financial assets.

Interest Expense

Interest expense in 2021 was lower than 2020 due to payment of long-term loan by PDP.

Provision for income tax

The tax provision of the resort, aviation and wire manufacturing subsidiaries for nine months of 2021 increased due to higher profits.

9. Cash Flows

Management has no knowledge of known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity despite the presence of the COVID-19 pandemic.

10. Financial information

- There is neither a change in composition of the registrant, no business combination nor any restructuring.
- There are no seasonality or cyclicality trends in the business that would have material effect on the Company's result of operations and financial condition.
- There are no significant elements of income or loss that did not arise from the issuer’s continuing operations.

In the interim period:

- No issuance or repayment of equity securities.
- The parent company has not repurchased its equity securities except for its 100%-owned subsidiary, Anscorcon which todate owns 1,272,429,761 shares of Anscor. No additional shares were purchased during nine months of 2021.
- No contingent assets or liabilities since the last annual balance sheet date.
- No material contingencies and any event or transactions that are material to the understanding of the operating results of the current interim period.
- No events that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation.
- No material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities of other persons created during the reporting period.
- There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim.

11. Subsidiaries and Affiliates

Phelps Dodge Philippines (PDP)

The following are the key performance data for Phelps Dodge Philippines (In thousand pesos except volume):

	Periods Ended September 30	
	2021	2020
Volume sold (MT)	**10,805**	8,927
Revenue	**6,258,740**	4,377,627
Net Income	**733,848**	494,261

PDP Energy's revenue improved in 2021 as against 2020's revenues.

PDP recorded a net income of P733.8 million for nine months 2021, higher than the P494.3 million profit recorded last year, notwithstanding the effect of the community quarantine due to COVID-19 pandemic.

Seven Seas' Amanpulo Resort ended up with an occupancy rate of 33.74% for the three quarters of 2021, better than the 2020 average occupancy rate of 25.6%. Average room rate was P55,879, lower from last year's average room rate of P60,224. Total hotel revenues amounted to P506.8 million, higher from last year's revenues of P366.1 million, coming from local guests.

Seven Seas reported a lower consolidated net loss of P6.4 million 2021, compared to last year's net loss of P59.8 million.

12. Financial Indicators

Significant financial indicators of the Group are the following:

			09/30/2021			09/30/2020		
i	Current Ratio	Total Current Assets	**17,965,458**	9.94	: 1	**14,541,311**	9.62	: 1
		Total Current Liabilities	**1,807,938**			**1,512,143**		
ii	Acid Test Ratio	Total Current Assets less Inventories, Prepayments and Other Current Assets	**16,591,936**	9.18	: 1	**13,503,506**	8.93	: 1
		Total Current Liabilities	**1,807,938**			**1,512,143**		
iii	Solvency Ratio	Net Income Attributable to Equity Holders of the Parent + Depreciation and Amortization	**2,445,665**	97.46%		**(1,093,235)**	(48.12%)	
		Total Liabilities	**2,509,529**			**2,271,831**		
iv	Debt-to-Equity Ratio	Total Liabilities	**2,509,529**	0.12	:1	**2,271,831**	0.13	: 1
		Equity Attributable to Equity Holders of the Parent	**20,430,016**			**17,294,240**		
v	Asset-to-Equity Ratio	Total Assets	**23,501,287**	1.15		**20,100,351**	1.16	
		Equity Attributable to Equity Holders of the Parent	**20,430,016**			**17,294,240**		
vi	Interest Rate Coverage Ratio	EBIT (earnings before interest and taxes)	**2,521,580**	354.06		**(1,123,795)**	(60.14%)	
		Interest Expense	**7,122**			**18,686**		
vii	Return on Equity Ratio	Net Income Attributable to Equity Holders of the Parent	**2,225,547**	10.89%		**(1,299,935)**	(7.52%)	
		Equity Attributable to Equity Holders of the Parent	**20,430,016**			**17,294,240**		

			2021		2020	
viii	Return on Assets	Net Income Attributable to Equity Holders of the Parent	**2,225,547**	9.47%	**(1,299,935)**	(6.47%)
		Total Assets	**23,501,287**		**20,100,351**	
ix	Profit Ratio	Net Income Attributable to Equity Holders of the Parent	**2,225,547**	26.75%	**(1,299,935)**	(39.63%)
		Total Revenues	**8,318,343**		**3,279,856**	
x	Book Value per Share	Equity Attributable to Equity Holders of the Parent	**20,430,016**	16.64	**17,294,240**	14.07
		Outstanding Number of Shares	**1,227,570**		**1,229,342**	

The key financial indicators of our major subsidiaries are the following:

PDP Energy and PDIPI

In Thousand Pesos except sales volume

	09/30/2021	09/30/2020
1. Volume	**10,805**	8,927
2. Revenue	**6,258,740**	4,377,627
3. Net income	**733,848**	494,261

Seven Seas Group

In Thousand Pesos

	09/30/2021	09/30/2020
1. Occupancy rate	**33.74%**	25.6%
2. Hotel revenue	**506,752**	366,079
3. Gross operating profit (GOP)	**157,198**	70,455
4. GOP ratio	**30.4%**	19.2%
5. Net income	**(6,354)**	(59,848)

Occupancy rate is based on actual room nights sold over available room nights on a 9 -month period. Hotel revenues include rooms, food and beverage and other ancillary services. GOP is total revenues less direct costs and GOP ratio is GOP over total hotel revenues.

A. Soriano Corporation has the following direct/indirect subsidiaries/ associates as of December 31, 2021:

Company	Ownership	Business	Jurisdiction
A. Soriano Air Corporation	100%	Service/Rental	Philippines
Pamalican Island Holdings, Inc.	62%	Holding Company	Philippines
Island Aviation, Inc.	62%	Air Transport	Philippines
Anscor Consolidated Corporation	100%	Holding Company	Philippines
Anscor International, Inc.	100%	Holding Company	British Virgin Island
IQ Healthcare Investments Ltd.	100%	Holding Company	British Virgin Island
IQ Healthcare Professional Connection, LLC	93%	Inactive	USA
Prople Limited	32%	Business Processing & Outsourcing	Hongkong
Prople, Inc.	32%	Business Processing & Outsourcing	Philippines
AG&P International Holdings, Pte Ltd.	21%	Modular Steel Engineering / LNG Construction	Singapore
Anscor Holdings, Inc.	100%	Real Estate Holding	Philippines
Akapulko Holdings, Inc.	100%	Real Estate Holding	Philippines
Lakeroad Corporation	100%	Real Estate Holding	Philippines
Mainroad Corporation	100%	Real Estate Holding	Philippines
Makatwiran Holdings, Inc.	100%	Real Estate Holding	Philippines
Makisig Holdings, Inc.	100%	Real Estate Holding	Philippines
Malikhain Holdings, Inc.	100%	Real Estate Holding	Philippines
Mountainridge Corporation	100%	Real Estate Holding	Philippines
Rollingview Corporation	100%	Real Estate Holding	Philippines
Timbercast Corporation	100%	Real Estate Holding	Philippines
Sutton Place Holdings, Inc.	100%	Holding Company	Philippines
Summerside Corporation	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

Company	Ownership	Business	Jurisdiction
Seven Seas Resorts and Leisure, Inc.	62%	Villa Project Development	Philippines
Pamalican Resort, Inc.	62%	Resort Operations	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

Anscor International, Inc.

Financial Statements

For the Years Ended December 31, 2021 and 2020

Prepared By:

SALOME BUHION

Approved By:

NARCISA VILLAFOR

ANSCOR INTERNATIONAL INC.
BALANCE SHEETS

	December 31 2021	2020
ASSETS		
Cash and Cash Equivalents	**$ 3,561,045**	**$ 8,318,202**
Fair Value Through Profit or Loss (FVPL) Investments (Note 5)	**26,661,982**	34,734,216
Receivables (Note 6)	**431,335**	287,548
Investments and Advances (Note 3, 4 and 6)	**-**	-
TOTAL ASSETS	**$ 30,654,362**	**$ 43,339,966**
LIABILITIES AND CAPITAL DEFICIENCY		
Liabilities		
Accounts Payable and Accrued Expenses	**$ 2,106,712**	**$ 1,699,570**
Due to Stockholder (Note 7)	**56,069,748**	51,725,390
Total Liabilities	**58,176,460**	53,424,960
Capital Deficiency		
Capital Stock	**1**	1
Deficit	**(27,522,099)**	(10,084,995)
Total Deficit	**(27,522,098)**	(10,084,994)
TOTAL LIABILITIES AND CAPITAL DEFICIENCY	**$ 30,654,362**	**$ 43,339,966**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2021	2020
REVENUES		
Gain (loss) on increaase (decrease) in		
market value of FVPL investments (Note 5)	**($ 17,049,938)**	**$ 13,220,451**
Interest income	**888**	596
Other income	**-**	1,692,065
	(17,049,050)	14,913,112
Operating expenses	**(388,054)**	(224,489)
Valuation allowances - net (Note 6)	**-**	(21,366,215)
NET LOSS	**(17,437,104)**	(6,677,592)
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE LOSS	**($ 17,437,104)**	**($ 6,677,592)**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CHANGES IN CAPITAL DEFICIENCY

		Capital Stock	Deficit	Total
BALANCE AT JANUARY 1, 2020	$	1	($ 3,407,403)	($ 3,407,402)
Total comprehensive income for the year		-	(6,677,592)	(6,677,592)
BALANCE AT DECEMBER 31, 2020		1	(10,084,995)	(10,084,994)
Total comprehensive income for the year		-	(17,437,104)	(17,437,104)
BALANCE AT DECEMBER 31, 2021	**$**	**1**	**($ 27,522,099)**	**($ 27,522,098)**

See accompanying Notes to Financial Statements.

ANSCOR INTERNATIONAL INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive loss	**($ 17,437,104)**	**($ 6,677,592)**
Valuation allowances - net	**-**	21,366,215
Loss (gain) on decreaase (increase) in market value of FVPL investments	**17,049,938**	(13,220,451)
Interest income	**(888)**	(596)
Operating gain (loss) before working capital changes	**(388,054)**	1,467,576
Decrease (increase) in:		
FVPL investments	**(8,977,704)**	4,636,695
Receivables	**(143,787)**	(194,713)
Increase in accounts payable and accrued expenses	**407,142**	60,388
Net cash from (used in) operations	**(9,102,403)**	5,969,946
Interest received	**888**	596
Net cash flows from (used in) operating activities	**(9,101,515)**	5,970,542
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from sale of long term investment	**-**	-
Net cash from investing activities	**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to stockholder	**4,344,358**	1,935,868
Net cash flows from financing activities	**4,344,358**	1,935,868
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(4,757,157)**	7,906,410
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**8,318,202**	411,792
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 3,561,045**	**$ 8,318,202**

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Anscor International was incorporated on April 2, 2004 in the British Virgin Islands (BVI) under the International Business Company Act. Cap. 291, primarily to buy, sell, underwrite, invest in, exchange or otherwise acquire, and to hold, manage, develop, deal with turn to account any bonds, debentures, shares, stocks, options, commodities, futures, forward contracts, notes or securities of governments, states, municipalities, public authorities or public or private limited or unlimited companies in any part of the world and to lend money either unsecured or against the security of any of the aforementioned property.

The registered office of the Company is at IFS Chambers, Road Town, Tortola, British Virgin Islands.

The Company is not required to file audited financial statements in BVI.

2. Basis of Preparation

Basis of Preparation

The Company financial statements have been prepared on a historical cost basis, except for securities available-for-sale (AFS) investments that have been measured at fair value. The accompanying financial statements have been prepared using the historical cost basis and are presented in US$, which is the Company's functional and presentation currency, and rounded to the nearest dollar, except otherwise stated.

3. Summary of Significant Accounting Policies

Investments in Subsidiaries and Associates

Investments in Subsidiaries

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investments in Associates
Associates are entities over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in subsidiaries and associates are carried at cost, less impairment in value, in the financial statements. Dividends received are reflected as income in the statements of income.

The Company's subsidiaries and associates with the respective percentages of ownership as of December 31, 2021 and 2020 follow:

		Country of	**% Equity Interest**	
Name of Subsidiary/Associates	**Principal Activities**	**Incorporation**	**2021**	2020
IQ Healthcare Investments Limited (IQHIL))	Healthcare Services	USA	**100**	100
IQ Healthcare Professional Connection, LLC (IQHPC)	Healthcare Services	USA	**93**	93
Prople Limited (Prople)	Business Processing Outsourcing	Hongkong	**32**	32
AGP International Holdings Pte Ltd. (AGP – SG)	Holding	Singapore	**21**	21
BehaviorMatrix, LLC (BM)	Behavior Analytics Services	USA	**21**	21

<u>Fair Value Measurement</u>
The Company measures financial assets (such as FVPL and FVOCI investments) at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortized cost and of investment properties are disclosed.

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as unquoted FVPL financial assets, and for non-recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial recognition and measurement of financial instruments

At initial recognition, financial assets are classified as, and measured at amortized cost, FVOCI, and FVPL. Financial liabilities are classified and measured as financial liabilities at FVPL and amortized cost.

Classification of financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVPL

As at December 31, 2021 and 2020, the Company has the following categories of financial assets and financial liabilities:

(a) Financial assets and financial liabilities at FVPL

This category includes financial assets and financial liabilities held for trading, financial assets and financial liabilities designated upon initial recognition at fair value through profit or loss, or financial assets and liabilities mandatorily required to be measured at fair value. Financial assets and financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets or financial liabilities classified in this category may be designated by management on initial recognition when the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets and liabilities are part of a Company of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

Financial assets and financial liabilities at FVPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in “Gain (loss) on increase (decrease) in market values of FVPL investments”. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded as such according to the terms of the contract, or when the right of payment has been established.

As at December 31, 2021 and 2020, the Company has designated as FVPL all equity investments, amounting to $26.7 million and $34.7 million, respectively. No financial liability at FVPL is outstanding as at December 31, 2021 and 2020.

(b) Financial assets at amortized cost (debt instruments)
The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the profit or loss when the asset is derecognized, modified or impaired.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as interest income in the profit or loss. The losses arising from impairment of such financial assets are recognized as “Valuation allowances” account under “Other income (charges) - net” in the profit or loss.

Included under financial assets at amortized cost are cash in banks, short-term investments and other receivables.

(c) Financial assets at FVOCI (debt instruments)

The Company measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the profit or loss and computed in the same manner as financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI.

When the debt instrument is disposed of, the cumulative gain or loss previously recognized under OCI is transferred to profit or loss as “Gain (loss) on sale of FVOCI investments”. Where the Company holds more than one investment in the same security, cost of the disposed investment is determined on a weighted average cost basis. Interest earned on holding FVOCI investments are reported as interest income using the effective interest rate.

The Company classifies bonds held as FVOCI investments as current assets when the investments are expected to mature within 12 months after the reporting period.

As at December 31, 2021 and 2020, the Company has no FVOCI investments.

(d) Financial liabilities - loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the amortization process.

Borrowings are classified as current liabilities unless these are expected to be settled within 12 months after the reporting date or the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

As at December 31, 2021 and 2020, included in this category are the Company's accounts payable and accrued expenses.

<u>Derecognition of Financial Assets and Financial Liabilities</u>

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognized or removed from the balance sheet where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification will result into the removal of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the profit or loss.

Impairment of Financial Assets

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the profit or loss unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is recognized in the profit or loss only when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the balance sheet. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

The following specific recognition criteria must be met before revenue is recognized:

Other Income

Interest

Interest income from bank deposits and investments in bonds are recognized as interest accrues based on the effective interest rate method.

Dividends
Dividend income is recognized when the shareholders' right to receive the payment is established.

Rental
Rental income is accounted for on a straight-line basis over the lease term.

Costs and Expenses
Costs and expenses are recognized in the profit or loss when there is a decrease in future economic benefit related to a decrease in an asset, or an increase of a liability, that can be measured reliably. Costs and expenses include the cost of administering the business, and are expensed as incurred.

Selling, general and administrative expenses
All selling and general and administrative expenses are expensed as incurred.

Other Comprehensive Income
Other comprehensive income comprises of items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRSs. Other comprehensive income of the Company pertains to gains and losses on remeasuring FVOCI investments, exchange differences on translating foreign operations and remeasurements comprising actuarial gains and losses on retirement plan assets and liabilities.

Cash and Cash Equivalents
Cash includes cash on hand and with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Restricted cash funds are recorded as other noncurrent assets unless the restriction is expected to be released at least 12 months after the reporting period.

Impairment of Nonfinancial Assets
At each reporting date, the Company assesses whether there is any indication that its nonfinancial assets (namely, property and equipment and investment properties) may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Company makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets, in which case the recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit).

An impairment loss is charged to operations in the year in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Capital Stock

Capital stock represents the total par value of the shares issued.

Additional Paid-in Capital

Additional paid-in capital pertains to the amount paid in excess of the par value of the shares issued.

Retained Earnings

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declared and the effects of retrospective restatement recognized in accordance with the PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Events After the Reporting Period

Post year-end events that provide additional information about the Company's position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company financial statements in accordance with PFRS requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses, other comprehensive income (loss) and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the Company financial statements as they become reasonably determinable.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on amounts recognized in the company financial statements.

Determination of functional currency

The Company's functional currency was determined to be US Dollar ($). It is the currency of the primary economic environment in which the Company operates.

Classification of financial instruments

The Company classifies a financial instrument, or its component parts, on initial recognition either as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definition of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the balance sheets.

Classification and measurement of financial assets depend on the result of the SPPI and business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve particular business objectives. In classifying the investments not held for trading as at December 31, 2021 and 2020, the Company made an irrevocable election at initial recognition to designate the instruments as FVPL investments.

Estimates and Assumptions

The key assumptions concerning the future and key sources of estimation and uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses of receivables

For the advances to related parties, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the related parties' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. For the receivables, the Company evaluates specific accounts where the Company has information that certain customers or third parties are unable to meet their financial obligations. Facts, such as the Company's length of relationship with the customers or other parties and their current credit status, are considered to ascertain the amount of reserves that will be recognized.These reserves are re-evaluated and adjusted as additional information is received. There is no allowance for doubtful accounts as of December 31, 2021 and 2020.

Valuation of unquoted FVPL equity investments
Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's-length market transactions;
- current fair value of another instrument that is substantially the same;
- the expected cash flows discounted at current rates applicable for terms with similar terms and risk characteristics; or
- other valuation models.

However, if the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the investment at cost.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. In valuing the Company's unquoted FVPL equity instruments at fair value in compliance with PFRS, management applied judgment in selecting the valuation technique and comparable companies and used assumptions in estimating future cash flows from its equity instruments considering the information available to the Company.

Unquoted FVPL equity investments amounted to $16.6 million and $5.3 million as December 31, 2021 and 2020, respectively.

Impairment of FVOCI debt investments
For FVOCI debt investments, the Company assesses the counterparty's ability to comply with the contractual obligations to pay out principal and interest. Further, the Company assesses whether the credit risk on that financial instrument has increased significantly since initial recognition.

Investments carried under the equity method
Investments carried under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company's impairment test on investments carried at equity is based on value-in-use calculations that use a discounted cash flow model. The expected cash flows are estimated from the operations of the associates for the next four years as well as the terminal value at the end of fourth year. The recoverable amount is most sensitive to the discount rates used for the discounted cash flow model, as well as the expected future cash inflows, revenue growth rates and long-term growth rates used for extrapolation purposes.

The carrying amounts of the investments amounted to nil as at December 31, 2021 and 2020, respectively.

Provisions and contingencies
Judgment is exercised by management to distinguish between provisions and contingencies.

5. Fair Value Through Profit & Loss Investments (FVPL)

	2021	2020
Quoted equity shares		
Y-mAbs Therapeutics, Inc.	**$ 10,015,640**	$ 29,402,405
Unquoted equity shares		
Sierra Madre Philippines I L.P.	**6,406,315**	2,797,707
Asia Partners	**5,291,520**	-
Navegar II L.P.	**3,599,954**	1,485,473
Navegar I L.P.	**498,553**	448,631
Wholesome Spirits Inc.	**500,000**	250,000
Medifi	**350,000**	350,000
	16,646,342	5,331,811
	$ 26,661,982	$ 34,734,216

The FVPL unquoted equity shares include the following:

a. In December 2015, IQHPC invested $1.0 million in Y-mAbs Therapeutics, Inc. (Y-mAbs), a clinical stage biotechnology company specializing in developing novel antibody therapeutics to treat cancer.

   On November 10, 2016, IQHPC made additional investments to Y-mAbs amounting to $0.75 million. In November 2016, IQHPC transferred all its investment of 399,544 shares of common stock in Y-mAbs to the Company.

   On January 6, 2017 and September 25, 2017, the Company made additional investment to Y-mAbs amounting to $0.3 million and S$1.0 million, respectively.

   On September 22, 2018, Y-mAbs was listed in NASDAQ. Prior to the listing, the Company acquired additional investments to Y-mAbs amounting to US$2.3 million.

   In 2021, the Company recognized a loss on fair value adjustment in its investment in Y-mAbs amounting to $20.2 million. In 2020, AI recognized gain on fair value adjustment amounting to $12.8 million.

b. In 2017, the Company entered into an equity investment agreement with Sierra Madre Philippines I LP (Sierra Madre), a newly formed private equity fund staffed by experienced local operators and private equity professionals. The fund will focus on providing growth capital to small and mid-sized Philippine companies.

   In 2021 and 2020, the Company made additional investments to Sierra Madre amounting to $$1.2 million and $1.1 million, respectively.

   In 2021 and 2020, the Company recognized gain on fair value adjustment of $2.4 million and $0.5 million, respectively.

As of December 31, 2021 and 2020, the Company's remaining capital commitment to be called for Sierra Madre amounted to $4.4 million and $5.7 million, respectively. Sierra Madre has until March 2022 to call for additional investment.

c. In 2021, AI committed to invest $6.0 million in Asia Partners I LP, a Singapore-based private equity fund focused on high growth technology and technology enabled companies across Southeast Asia. In addition, AI committed to invest $1.0 million in Asia Partners SCI.

   In 2021, AI made an investment to Asia Partners amounting to $5.2 million.

   In 2021, AI recognized gains on fair market value adjustment in its investment in Asia Partners amounting to $0.1 million.

   As of December 31, 2021, the Company's remaining capital commitment to be called for Asia Partners amounted to $1.8 million. In February 2022, AI committed to invest $10.0 million in Asia Partners II LP.

d. In 2019, AI committed to invest US$10.0 million in Navegar II LP. AI invested $1.49 million and $1.0 million in 2021 and 2020, respectively.

   In 2021 and 2020, AI recognized gains on fair market value adjustment in its investment in Navegar II amounting to $0.6 million and $0.3 million, respectively.

   As of December 31, 2021 and 2020, the Company's remaining capital commitment to be called for Navegar II amounted to $7.3 million and $8.8 million, respectively.

e. In March 2013, AI invested $0.6 million in Navegar I LP (Navegar), a limited partnership established to acquire substantial minority position through privately negotiated investments in equity and equity-related securities of Philippine companies that are seeking growth capital and/or expansion capital.
   In July 2017, AI invested additional $0.1 million.

   In October 2018, the disposal of Navegar's investments resulted to the return of capital and gain amounting to $0.3 million and US$0.8 million, respectively.

   In 2021 and 2020, AI invested in Navegar I LP $0.01 million and $0.009 million, respectively.

   In 2021, AI recognized a gain on fair market value adjustment in its investment in Navegar I amounting to $0.04 million. In 2020, AI recognized loss on fair market value adjustment amounting to $0.05 million.

   As of December 31, 2021 and 2020, the Company's remaining capital commitment to be called for Navegar I amounted to $0.05 million and $0.06 million, respectively.

f. In May 2017, the Company invested $1.0 million in equity shares at Madaket Inc., the owner of Madaket Healthcare. Madaket developed Electronic Data Interchange Enrollment, a service platform that automates healthcare provider data management processes in the United States.

The Company recognized fair value adjustment in its investment in Madaket, Inc. amounting to a loss of $0.3 million in 2020. Nil in 2021.

As of December 31, 2021 and 2020, AI's total investment in Madaket amounted to nil.

6. Investments and Advances

The significant transactions involving the company's investments in subsidiaries and associates for 2021 and 2020 follow:

AGP Group Holdings Pte. Ltd. (AG&P) (formerly AGP International Holdings Ltd., AGPI)
In December 2011, the Company entered into a subscription agreement with AGPI for $5.0 million Convertible Bridge Notes (the "Notes"), with interest rate of 9% compounded annually. The principal, together with the accrued interest, is payable on the one year anniversary of the issuance of each Note.

The Notes are convertible at the option of the holder into: (a) Series B preferred shares at the per share price paid to buy out existing Series A preferred shares (US$0.345/share or the "conversion price"); or (b) the equity security issued by AGPI in its next round of equity financing at the per share price paid in such next round of financing.

AGPI is a BVI business company formed in 2010 in connection with the acquisition of equity of Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P). AGPI, through its subsidiary and associates, is focused on providing modular engineering and construction and general engineering design services, including, fabrication, assembly and manpower services, particularly in the oil, gas, petrochemical, power generation and mining industries.

On June 28, 2013, the Company converted the $5.0 million Convertible Bridge Notes to 16.4 million Series B, voting preferred shares. On June 29, 2013, the Company signed a definitive agreement with AGPI amounting to $40.0 million for the subscription of 83.9 million Series C, voting preferred shares in AGPI. Series B and Series C preferred shares are convertible, at the option of the holder into Class A common shares. The subscription increased the Company's holdings to 27% giving the Company significant influence over AGPI.

In 2018, AGPI merged with AGP-BVI, its subsidiary, with the latter being the surviving entity. AI retained its 27% ownership in AGP-BVI and its preference shares were converted to common shares upon the merger.

On July 1, 2019, AGP-BVI entered into a share swap agreement with AGP-SG to make the latter the sole owner of the former.

On July 22, 2019, AGP-SG obtained additional equity investment from new investors which effectively decreased the Company's interest in AGP-SG from 27% to 21%. The Company assessed that it still has significant influence over the AGP-SG.

The principal place of business of AGP-SG is 600 North Bridge Road, Parkview Square, Singapore, while the principal place of business of AGP-BVI is Vantepool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola, British Virgin Island.

The total cost of the investment in AGPI amounted to $45.0 million. The carrying value of the investment amounted to nil as at December 31, 2021 and 2020.

On November 19, 2021, the BOD authorized its representative to negotiate for the sale of all its AGP-SG shares with the potential buyer. Management believes that all the criteria for recognition of noncurrent asset held-for-sale (NCAHFS) in accordance with PFRS 5 are met on that date. Accordingly, effective November 2021, the Company discontinued the use of the equity method for its investment in AGP-SG and classified such investments as NCAHFS. Based on the available financial information, for the period ended before the classification as NCAHFS, AGP-SG incurred net losses and as at date of classifications as NCAHFS, the carrying value of the investment in AGP-SG remain nil. On February 17, 2022, the said investment in associate held for sale was sold for a total consideration of $38.5 million.

BehaviorMatrix, LLC (BM)

In October 2011, the Company entered into a subscription agreement with Predictive Edge Media Holdings, LLC (PEMH) for the acquisition of 1,000,000 Series A preferred units at US$3 per unit, which constitute 10% of the total Series A preferred units outstanding. In the first quarter of 2012, the Company's holdings in PEMH, first acquired in October 2011, were exchanged for an interest in Predictive Edge Technologies, LLC ("Predictive"), PEMH's company. Predictive is a US-based early-staged technology company, which provides products and services that make practical and effective use of its patented behavioral science, based on psychological principles and state-of-the art mathematics, that allow it to measure and quantify emotions associated with digital content.

In July 2015 and March 2014, the Company made additional investment in Predictive amounting to $0.5 million and $1.0 million, respectively.

In March 2016, the Company invested an additional $0.437 million through a convertible note. In October 2016, Predictive merged with BM, its subsidiary, with the latter being the surviving company. As part of the restructuring of BM, the convertible notes and accrued interest were converted to equity on the same date and the Company invested an additional $0.814 million for a 20.5% shareholding in BM. The increased ownership allows the company to exercise significant influence over BM.

The total cost of the investment in BM amounted to $6.8 million. The carrying value of the investment amounted to nil as at December 31, 2021 and 2020.

Prople Limited (Prople)

In November 2013, the Company invested in $4.0 million convertible notes to Prople Limited. In August 2015, the Company purchased Tranche C notes of Prople amounting to $0.5 million. These notes are convertible at the option of the holder into common shares of Prople. The interest is 5% for the first 3 years and if not converted on the 3rd anniversary of closing date (i.e., November 18, 2016, the conversion date), the interest will be the prevailing five year US Dollar Republic of the Philippines (ROP) plus 400 basis points or 7%, whichever is higher for the next two years.

In February 2016, the Company converted the notes to equity, giving the Company a 32% equity stake and significant influence over Prople.

The total cost of the investment in Prople amounted to $5.3 million. The carrying value of the investment amounted to nil as at December 31, 2021 and 2020.

7. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors or stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

In the ordinary course of business, the Company obtains cash advances from its shareholder, Anscor, to finance its working capital requirements and investments in various companies.

	Amount/Volume		Outstanding Balance			
	2021	2020	**2021**	2020	Terms	Condition
Anscor	**$4,344,358**	$1,935,868	**$56,069,748**	$ 51,725,390	Non-interest bearing	Unsecured

8. Financial Instruments and Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash, receivables, investments in unquoted equity securities, investments in mutual and hedge funds. The Company's other financial instruments include accounts payable, which arose directly from operations.

The Company's investment objectives consist mainly of:
a) maintaining a bond portfolio that earns adequate cash yields and
b) maintaining a stable equity portfolio that generates capital gains through a combination of long term strategic investments and short-term to medium-term hold type investment.

The main risks arising from the use of these financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. These risks are monitored by the Company.

The Company evaluates the performance of all investments and reviews fund allocation to determine the future strategy of the fund.

The BOD reviews and approves the Company's risk management policies. The Company's policies for managing each of these risks are summarized below.

Credit risk
The Company is exposed to credit risk primarily because of its investing and operating activities. Credit risk losses may occur as a result of an individual, counterparty or issuer being able to or unwilling to honor its contractual obligations. The Company is exposed to credit risk arising from the counterparties (i.e., foreign and local currency denominated debt instruments and receivables) to its financial assets. The Company does not have a counterparty that accounts for more than 10% of the company revenues.

Credit risk management
In managing credit risk on these investments, capital preservation is paramount. The Company transacts only with recognized and creditworthy counterparties. Investments in bonds are invested in highly recommended, creditworthy debt instruments that provides satisfactory interest yield.

Liquidity risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations as they fall due. Aside from yielding good returns, the Company ensures investments have ample liquidity to finance operations and capital requirements.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when they are due.

Market risk
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is the risk coming from adverse movements in factors that affect the market value of financial instruments of the Company. The Company is exposed primarily to the financial risks of changes in interest rates, foreign currency risk, and equity price risks.

Investments exposed to market risk are equity instruments, and mutual fund/hedge fund investments.

There has been no change to the Company's manner of managing and measuring the risk.

Capital management
The primary objective of the Company's capital management is to ensure an adequate return to its shareholder and to maximize its value to its shareholders. In pursuance of this goal, the Company establishes an optimum risk return investment objectives through a sound diversified investment portfolio and in ensuring a fair credit rating, the Company establishes prudent financial policies through appropriate capitalization ratios in its investments and maintain reasonable liquidity.

The Company monitors capital on the basis of the carrying amount of equity as presented on the face of the balance sheet.

No changes were made in the objectives, policies or process for the years ended December 31, 2021 and 2020.

2021 sustainability report

A. SORIANO CORPORATION

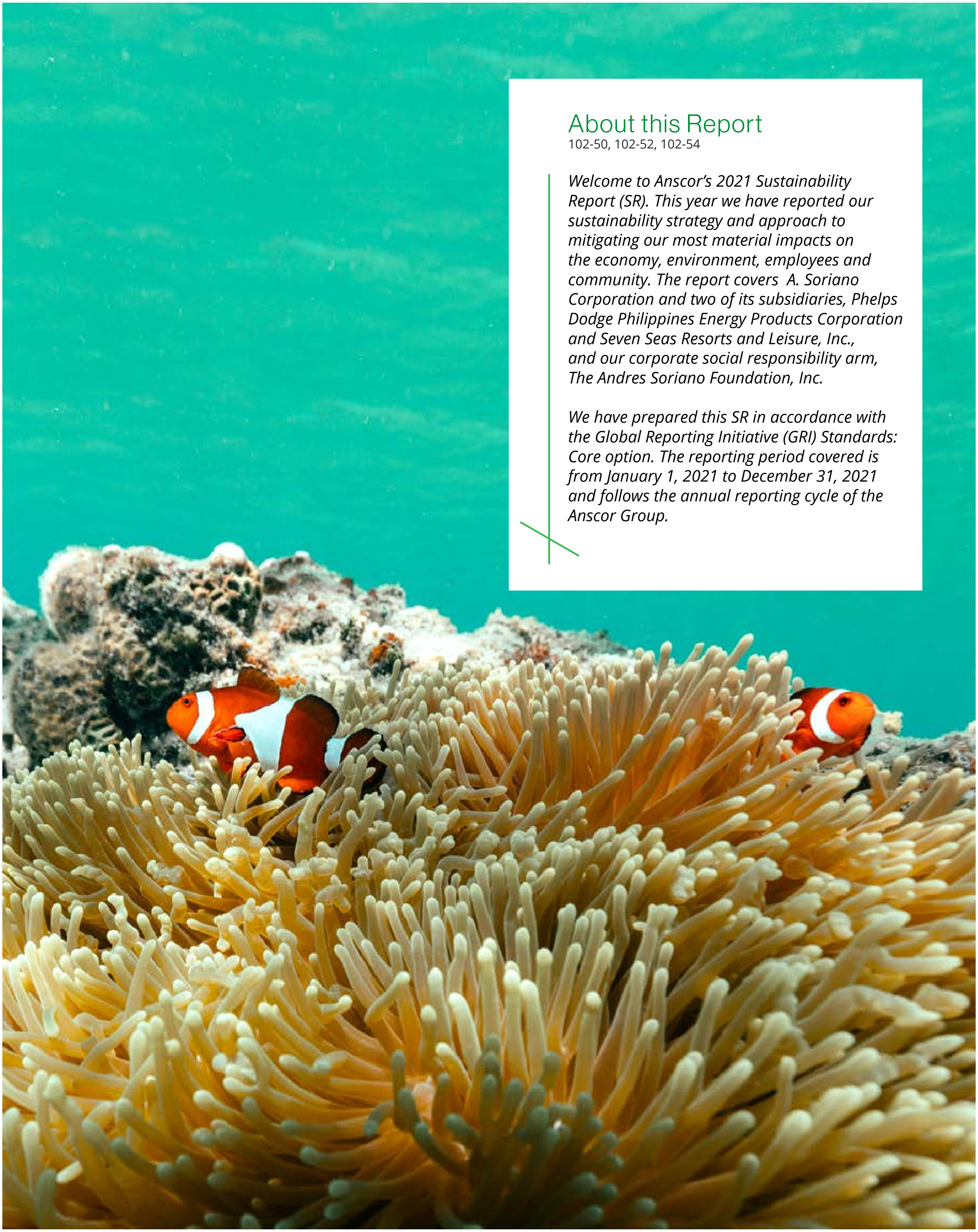
Contents

About this Report

102-50, 102-52, 102-54

Welcome to Anscor's 2021 Sustainability Report (SR). This year we have reported our sustainability strategy and approach to mitigating our most material impacts on the economy, environment, employees and community. The report covers A. Soriano Corporation and two of its subsidiaries, Phelps Dodge Philippines Energy Products Corporation and Seven Seas Resorts and Leisure, Inc., and our corporate social responsibility arm, The Andres Soriano Foundation, Inc.

We have prepared this SR in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The reporting period covered is from January 1, 2021 to December 31, 2021 and follows the annual reporting cycle of the Anscor Group.



About the Company

102-1,102-3, 102-4, 102-5, 102-6, 102-7, 102-8

A. SORIANO CORPORATION

A. Soriano Corporation (Anscor or the Company) is a publicly-listed holding company with diverse investments in operating companies such as Phelps Dodge Philippines Energy Products Corporation (PDP) and Seven Seas Resorts and Leisure, Inc. (SSRLI) that owns Amanpulo Resort in Palawan, among others, and financial assets such as local equities traded in the Philippine Stock Exchange, bonds and private equity funds.

The Company was incorporated on February 13, 1930 with principal office at the 7th Floor, Pacific Star Building, Gil Puyat Avenue corner Makati Avenue, Makati City.

Subsidiaries in this Report

102-2, 102-6

AMANPULO

Phelps Dodge Philippines Energy Products Corporation (PDP) is the leading integrated manufacturer of quality wires and cables in the country. Its product line is composed principally of copper-based wires and cables, and aluminum wires, cables and accessories.

It is a wholly owned subsidiary of the Company. Its main office is on the second floor, BCS Prime Building, 2297 Chino Roces Avenue Extension, Makati City, and its manufacturing plant is located in the Luisita Industrial Park, San Miguel, Tarlac City.

Seven Seas Resorts and Leisure, Inc. (SSRLI) owns the world-renowned Amanpulo Resort. Anscor's holdings comprise 62% ownership of SSRLI. Managed by Aman, Amanpulo is located on an 89-hectare island called Pamalican in Cuyo, Palawan.

As the corporate social responsibility arm of the Company, The Andres Soriano Foundation, Inc. (ASF) improves the quality of life of assisted community partners and stakeholders. ASF provides equitable opportunities and resources through institutional and community development programs that are aligned with the national development agenda.

ASF's main office is located at the A. Soriano Aviation Hangar, Andrews Avenue, Pasay City. It has field offices in Barangays Manamoc and Cabigsing, both in Cuyo, and in Barangay Bancal, Agutaya, all in Palawan province.

Stakeholder Engagement

102-40, 102-42, 102-43, 102-44

The Anscor Group values the significant contributions and guidance from various stakeholders in influencing the business and in shaping its approach to corporate social responsibility.

Listening to our stakeholders helps us understand what matters most to them. This engagement helps identify the sustainability related topics that are most relevant – or material – to our stakeholders and our business.

STAKEHOLDERS	KEY TOPICS/ CONCERNS & COMMITMENT FOR 2021	RESULTS OF COMMITMENT & ENGAGEMENT ACTIVITIES FOR 2021	COMMITMENT PLAN & ENGAGEMENT CHANNELS FOR 2022
Shareholders/ Investors	• Continuing effect of COVID-19 on financial returns and value of investments.	• Investments were adjusted and reallocated. • Stockholders had continued trust in the Company. • A virtual stockholders meeting was held for the safety of shareholders. • Submission of required documents was allowed by email for most stock transfer activities.	• Regularly review investment plans to achieve fair returns. • Continue with virtual meetings and online transactions for convenience of stockholders.
Board of Directors	• Continuing impact of COVID-19 on the business and welfare of employees.	• Businesses continued with limited disruptions or closures during the pandemic. • Employees were kept safe with strict compliance with health and safety protocols. • Meetings were held regularly for the companies to adjust to changing government policies on lockdowns and that companies were well prepared to meet the needs of its customers during reopenings after lockdowns.	• Prepare budgets and business plans for each company that would take advantage of opportunities in a post-COVID-19 environment. • Regular meetings, both virtual and face-to-face.

STAKEHOLDERS	KEY TOPICS/ CONCERNS & COMMITMENT FOR 2021	RESULTS OF COMMITMENT & ENGAGEMENT ACTIVITIES FOR 2021	COMMITMENT PLAN & ENGAGEMENT CHANNELS FOR 2022
Customers	• Safety of resort guests. • Availability of products, service quality and value to customers. • Clients/customers' continued patronage of the company's products and services.	• There was strict adherence to health protocols for the safety of guests. • Occupancy rate increased during the year. • Activities were conducted for continuous engagement such as: business reviews, checkpoint meetings, presentations and actual visits when possible. • Virtual customer meetings were conducted via phone calls.	• Increase the number of domestic and international guests/ clients and customers. • Maintain the requirements on health protocols for the safety of guests. • Increase sales and offer more products. • Visit more dealers nationwide. • Increase sales via non-traditional methods such as on online selling platforms.
Suppliers/ Vendors	• Slowdown of revenues and concerns about safety. • Limited availability of raw materials, items, machines and other essentials in business operations.	• With the increase in the Resort occupancy rate, revenues increased among suppliers and vendors as compared to the previous year. • There were no problems with the availability of needed raw materials and services. • Constant communication with vendors was done via email exchanges and phone calls.	• Improve revenues of suppliers. • Improve quality and availability of materials, supplies and services. • Sustain and improve communication channels: face-to-face, emails, online meetings.
Employees	• Employee safety as they provide face-to-face service to Resort's guests. • Partnership for continuous business operations.	• Weekly antigen testing and bi-monthly RT-PCR tests were done. • An isolation/ quarantine facility was constructed for local and Manila-hired employees before reporting for duty at the Resort. • Employees found to be COVID-19 positive were provided with full support including tests, accommodation and food. • Employee engagement activities were conducted virtually: general assemblies, safety shares and meetings. • Employees with no access to computers attended the monthly general assemblies face to face while observing safety protocols.	• Continue vigilance on the health and safety of employees and workers against COVID-19. • Take action on issues and concerns of employees. • Foster better management-employee relationship through constant dialogue and general staff/employees meetings.

STAKEHOLDERS	KEY TOPICS/ CONCERNS & COMMITMENT FOR 2021	RESULTS OF COMMITMENT & ENGAGEMENT ACTIVITIES FOR 2021	COMMITMENT PLAN & ENGAGEMENT CHANNELS FOR 2022
NGOs	To be: • A conduit/partner between the Company and the communities; • Donors/ benefactors who help assisted communities; and • Establish a partnership with an Environmental NGO interested to support the Resort in its marine biology conservation program.	• There was a virtual collaboration with three NGOs/civic organizations: Institute of Integrated Electrical Engineers, Habitat for Humanity and the ASF. • These collaborations and partnerships helped public schools, indigent communities in Pasig City and supported employees in provinces affected by typhoon Odette. • Company representatives virtually attended partnership meetings, project launching and/ or communicated through phone calls and emails. One Marketing staff member went to the event area to shoot videos. • The Resort and the Large Marine Vertebrates Research Institute Philippines, Inc. (LAMAVE), a non-stock, non-profit NGO for marine biology conservation, began discussions in 2021 to jointly contribute generated data to the country's marine research and conservation efforts.	• Continue established partnership with other NGOs with similar causes, share best practices in community development and engage in fund leveraging to implement community projects and activities. • Work so that the partnership generates these outputs: a more comprehensive understanding of the biology, ecology and population of marine turtles and their connectivity in the Philippines and Southeast Asia, their nesting seasonality, and nesting success in the Resort. • Gather conservation recommendations to enhance the Resort's management plan for Pamalican marine turtles.
Local Communities	• Source of possible employees, customers and suppliers of products and services. • Continuous support of the host and assisted communities for their safety and health.	• Local employment opportunities were made available even with limited face-to-face engagement with the communities. • Supplying locally made products to the Resort provided income opportunities. • COVID-19 vaccines were donated and helped the government achieve the desired immunity level in the community. • Awareness was raised on the benefits of vaccination through house-to-house visits and small group sessions on health protocols.	• Proactively engage assisted communities to continuously protect the environment, improve income sources particularly for women, increase awareness of safety and health, and support the needs of learners and public schools to prepare for face-to-face classes. • Continue using engagement channels such as: face-to-face meetings, house-to-house visits and small group and focus group discussions.

STAKEHOLDERS	KEY TOPICS/ CONCERNS & COMMITMENT FOR 2021	RESULTS OF COMMITMENT & ENGAGEMENT ACTIVITIES FOR 2021	COMMITMENT PLAN & ENGAGEMENT CHANNELS FOR 2022
		• Food packs and vitamins were provided during major lockdown periods. • Environment protection initiatives continued particularly on repurposing plastic waste and marine protection.	
Government	• Compliance with national and local laws and regulations particularly on health protocols.	• Face-to-face engagement with various government entities was limited and only if physical presence is necessary. The preferred mode of engagement was still virtual.	• Continue compliance with laws and regulations applicable to NGOs. • Continue compliance with government requirements applicable to the business.
Industry	• Agreements with the government and representation of the wire manufacturers' various interests.	• Engagement continued with competitors to discuss industry issues virtually.	• Continuous engagement with suppliers, markets, and competitors.

Materiality Assessment

102-46

With the continued dynamic landscape of the pandemic on our business and society, we have led for a third year, an extensive materiality consultation to reassess our most material sustainability issues. Led by the Anscor Group's SR Management Team and involving external stakeholders and sustainability leaders from across the operations of our scope companies, in doing so, we refreshed our confidence in our existing sustainability topics.

This extended commitment to our initiatives enables the Group to deepen our impact and report on even greater progress.

Sustainability Framework

102-47

The Sustainability Framework summarizes the Anscor Group's commitment to sustainability. It defines the Group's main focus on sustainability and its strategies, in alignment with the targets and impacts of the United Nations Sustainable Development Goals 2030 (UN SDGs).

ENVIRONMENT

Commitment:
Responsible Environmental Stewardship
(Water Efficiency, Waste Management)

Target/Impact:
- judicious and prudent use of resources
- enhanced ecosystem resilience and human well-being
- compliance with Environmental Laws
- continuous protection of terrestrial and marine resources
- efficient water use
- improved live coral cover and regeneration of mangrove forest patches

SOCIAL

Commitment:
Responsive Stakeholder Relationships
(Employment, Health and Safety, Corporate Social Responsibility)

Target/Impact:
- build loyalty of suppliers and contractors
- satisfied and happy customers and guests
- appropriate access and equity in employment benefits
- committed and healthy employees
- reduced employee turnover
- increased productivity
- developed local communities
- empowered, self-sustained and healthy local communities

GOVERNANCE

Commitment:
Transparent, Accountable and Responsive
(Environmental Compliance)

Target/Impact:
- equitable and inclusive
- consensus-oriented and participative
- harmonious relationships with regulatory institutions
- compliance with laws and regulations
- quality assurance
- trusted brand
- retained customers and guests

ECONOMIC

Commitment:
Balanced and Inclusive Growth
(Economic Performance, Supply Chain)

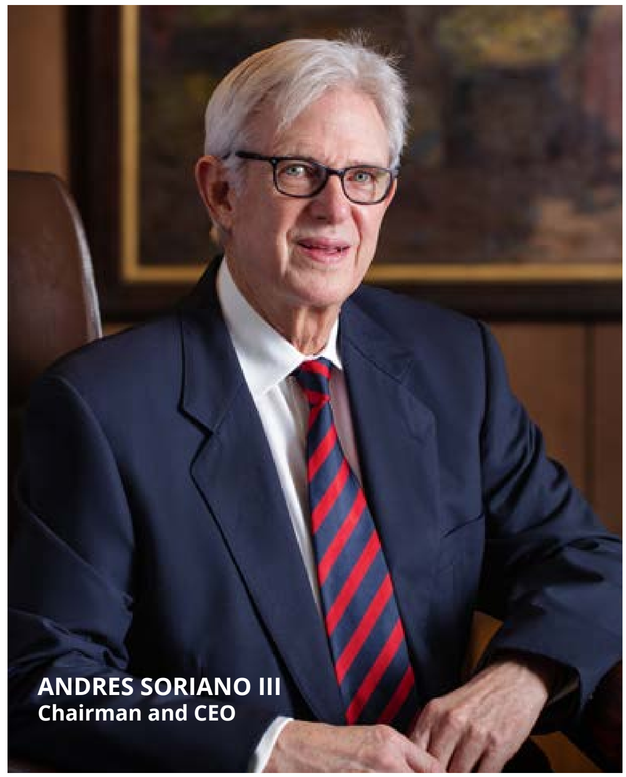
Target/Impact:
- build loyalty of suppliers and contractors
- balanced and fair return of investment for stockholders
- value-added products and services
- repeat guests and customers
- improved livelihood income of communities

Chairman's Message

102-14

ADAPTING, WITH HOPE

Two years into the pandemic has brought us back to our very core, as your Company tapped into its innate strengths and structures - its people, values, business fundamentals and partnerships. Most of all, as your Company moved through time and its challenges, it remained focused on its mission and purpose.


ANDRES SORIANO III
Chairman and CEO

It is to the credit of the people in each of the companies that make up Anscor that we have weathered together the early uncertainties of COVID-19, adapted our operations in a timely manner and still fulfilled our commitments, never losing sight of both the strategic directions and the daily operational concerns.

Sustainability is not an add-on to business operations. Rather, it is part of who we are. We trust that your Company's response during the past year shows that despite limitations by the pandemic, carrying out economic, environment, social and governance commitments remained.

With vaccines in place and continued scientific studies to better the current health situation, the optimism of a renewed economy and a promise of a new national dispensation, we look forward to the year ahead with hope, together with all our stakeholders.

Thank you for your trust and confidence in Anscor, and for your continued support. It inspires us to always do our best.

ANDRES SORIANO III
Chairman and CEO

Company Highlights

TRANSPARENCY & GOOD GOVERNANCE

- PDP is ISO 9001: 2015 - Certified for its Standards on Compliance on its Quality Management System.
- SSRLI/Amanpulo is ISO 22000:2018 - Certified for its Standards Compliance on its Food Safety Management System.

BALANCED & INCLUSIVE GROWTH

- The Company's balanced investment portfolio, consisting of operating and financial assets, its liquidity, and efficient operations continues to reward shareholders with steady income.
- Dividends paid to stockholders for 2021 amounted to P0.75 per share.
- The Company registered an increase in net income of P2.5 billion in 2021 compared to P165.6 million in 2020.

RESPONSIVE SOCIAL RELATIONSHIPS

- PDP is ISO 45001: 2018 - Certified (Updated from OHSAS 18001) on its Standards for Safety Compliance.

ENVIRONMENTAL STEWARDSHIP

- PDP and SSRLI/Amanpulo have not been involved in any environmental dispute nor have they been imposed with fines, or administrative or judicial sanctions in 2021.
- PDP is ISO 14001: 2015 - Certified for its Standards on Environmental Compliance.

ANSCOR'S CORPORATE SOCIAL RESPONSIBILITY

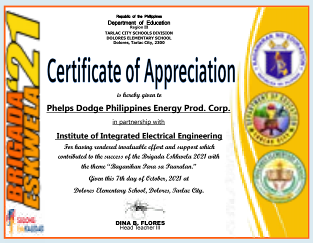
The Andres Soriano Foundation, Inc.

- Collaborative partnerships were established with two government line agencies: the Department of Trade and Industry, and the Department of Science and Technology with the grant of P930,000 and P860,000 supporting ASF's Enterprise Development and Solid Waste Management initiatives, respectively.
- ASF continues to be a recognized and trusted NGO partner by government agencies, private sector and other civil society organizations.

AWARDS & RECOGNITIONS

PDP

- Cited by the Department of Education Region III in partnership with the Institute of Integrated Electrical Engineering for PDP's involvement in the 2021 Brigada Eskwela program in Tarlac City.



Amanpulo (SSRLI)

- Cited as the "Best Ever Hotel Worldwide" in the January 2021 edition of the Gallivanter's Guide
- Awarded third place as the "Private Island of the Year" by Destination Deluxe Magazine
- Named "Asia's Leading Private Island Resort 2021" by the World Travel Awards
- Recognized as the Philippines' Leading Luxury Hotel Villa 2021
- Cited as the Philippines' Leading Private Island Resort 2021
- Won as the "Philippines' Best Resort Spa 2021" in the World Spa Awards for the second consecutive year
- World's Top Hotels' - Indagare Index 2021
- World's Leading Dive Resort 2021' - World Travel Awards

ASF

- Elected Committee Chair on Policy Review, Palawan Cluster of the Area-Based Standards Network (ABSNET) of the Department of Social Welfare and Development (DSWD)
- Elected Committee Chair on Membership, MIMAROPA Region of DSWD's ABSNET. The Southwestern Tagalog Region covers Mindoro Occidental, Mindoro Oriental, Marinduque, Romblon, and Palawan.
- Recognized as one of the seven remaining members of the 13 co-founders of the League of Corporate Foundations (LCF)
- Recognized as an active member of LCF at its 25th anniversary celebration
- Received from the Standards Bureau of the Department of Social Welfare and Development its renewed certifications for its Registration and License to Operate

Transparency & Good Governance

GOVERNANCE STRUCTURE

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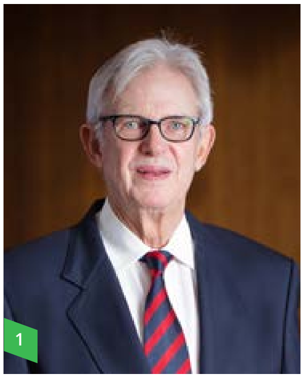
16 PEACE, JUSTICE AND STRONG INSTITUTIONS



BOARD OF DIRECTORS

(For the period April 14, 2021 - April 20, 2022)

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 III***

** Independent Directors of the Company*
*** Non-executive Directors of the Company*

Executive Committee

Andres Soriano III	*Chairman*
Eduardo J. Soriano	*Vice Chairman*
Oscar J. Hilado	*Member*
Ernest K. Cuyegkeng	*Member*
Jose C. Ibazeta	*Member*

Audit Committee

Oscar J. Hilado	*Chairman*
Eduardo J. Soriano	*Member*
Jose C. Ibazeta	*Member*

Compensation Committee

Oscar J. Hilado	*Chairman*
Andres Soriano III	*Member*
Alfonso S. Yuchengco III	*Member*

Nomination Committee

Eduardo J. Soriano	*Chairman*
Oscar J. Hilado	*Member*
Alfonso S. Yuchengco III	*Member*

QUALITY ASSURANCE

102-11

PDP

Adhering to its "One-time Investment. Lifetime Protection." tagline, PDP is constantly improving its products. This corporate philosophy stems from PDP's deep understanding of the needs and requirements of its clients. It requires investment in research and high precision technology, training of its people and relentless upgrade of its systems and processes for lifetime protection of consumers.

In 2021, PDP renewed its International Organization for Standardization (ISO) certifications, assuring its clients that product quality and sustainability are top priorities of the company.

CERTIFIED	ISO STANDARD
ISO 9001: 2015	Quality Management System
ISO 14001: 2015	Environmental Compliance
ISO 45001: 2018 (Updated from OHSAS 18001)	Safety Compliance (replaced the OHSAS 18001)
ISO 17025	Quality Assurance Laboratory

The results of the third-party ISO Audit held virtually on September 23 and 24, 2021 found six non-conformities across three ISO certifications: ISO 9001 Quality Management System, ISO 14001 Environmental Compliance and ISO 45001 Occupational Safety and Health. These non-conformities, which are all documentation issues are as follows:

Item	Non-Conformities	ISO 9001 QUALITY	ISO ENVIRONMENTAL	ISO 45001 OSH
1	Corrective Action Clause 10.2 Production Process Engineering & others Customer Satisfaction Incident Reporting	1		1
2	Clause 6.1.2 EA/HIRAC Production/Production Planning			1
3	Clause 9.1.3 Customer Satisfaction	1		
4	Clause 6.2.1 of ISO 14001 and ISO 45001 --- Accounting		1	1
5	Clause 6.1.3 Compliance Obligation Other Requirements on Health & Safety from interested parties like employees, communities, etc.			1
6	Corrective Action Clause 10.2	1		

The above issues were addressed resulting in PDP receiving its certifications.

Certificate of Registration

This is to certify that

Phelps Dodge Philippines Energy Products Corporation and PD Energy International Corporation

Luisita Industrial Park, San Miguel, Tarlac City, Philippines

operate a management system which has been assessed as conforming to

ISO 9001:2015

for the scope of activities

Manufacture of electrical wires and cables.

Joselito C. Soler
President & Managing Director

Certificate of Registration

This is to certify that

Phelps Dodge Philippines Energy Products Corporation and PD Energy International Corporation

Luisita Industrial Park, San Miguel, Tarlac City, Philippines

operate a management system which has been assessed as conforming to

ISO 14001:2015

for the scope of activities

Manufacture of electrical wires and cables.

Joselito C. Soler
President & Managing Director

Certificate of Registration

This is to certify that

Phelps Dodge Philippines Energy Products Corporation and PD Energy International Corporation

Luisita Industrial Park, San Miguel, Tarlac City, Philippines

operate a management system which has been assessed as conforming to

ISO 45001:2018

for the scope of activities

Manufacture of electrical wires and cables.

Joselito C. Soler
President & Managing Director

In 2021, the lockdowns and quarantine restrictions limited the company's ability to conduct hands-on training and refresher courses for its people, resulting in an increase in customer complaints. With lesser restrictions in 2022, PDP will resume its face-to-face training sessions to improve its customer experience.

SSRLI

In 2021, Amanpulo received the coveted ISO 22000:2018 for Food Safety Management System (FSMS). The certification is a globally-recognized standard for obtaining an exceptional professional standard of preparing quality food and beverage products for guests and employees. This recognition exemplifies the Resort's reputation as a premier island resort hotel in the country.

The certification covers all of Amanpulo's purchased, stored, processed and point-of-service food and beverage products being served by the Resort.

To achieve an effective FSMS, sustained and consistent implementation, monitoring and evaluation were cascaded to all employees which has enabled the organization to:

a) Plan, implement, operate, maintain and update effectively and efficiently its FSMS to provide products and services that are safe, in accordance with its intended use;

b) Conform to its stated food safety policy by complying with applicable statutory and regulatory food safety requirements; and

Certificate

Standard: ISO 22000:2018

Certificate Registr. No.: 824 154 21006

Certificate Holder: AMANPULO
Pamalican Resort Inc.
(Amanpulo Resort)
Pamalican Island, Manamoc,
Cuyo, Palawan, 5318, Philippines

including the locations according to annex

Scope: Preparation of food and beverage for consumption at the place of preparation or at a satellite unit including incoming raw material, storage, cooking, serving, and delivery

Proof has been furnished by means of an audit that the requirements of ISO 22000:2018 are met.

Validity: The certificate is valid from 2022-02-07 until 2025-02-06.

2022-02-07

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c) Evaluate and assess mutually agreed customer food safety requirements, demonstrate conformity with them and communicate food safety issues to interested stakeholders within the food chain.

On food safety objectives, the Resort has its Hazard Analysis Critical Control Point plan and policies where it evaluates the effectiveness of its FSMS during regular Management Review. In case of feedback on food safety, there are immediate internal assessments and processes in place to analyze cases. This includes microbiological testing and supplier/vendor audit performance.

External audit and inspections by regulatory bodies also assess all conformities and non-conformities to standards and will recommend corrective action.

Management Review results in cost-effective measures preventing and/or reducing risks such as food safety.

Certificate

Standard: ISO 22000:2018

Certificate Registr. No.: 824 154 21006/02

Site: AMANPULO
Pamalican Resort Inc.
(Amanpulo Resort - Manila Receiving, Storage & Lounge)
A Soriano Hangar,
Andrew Avenue, 1300,
Pasay City, Philippines

Scope: Preparation of beverage for consumption at the place of preparation including incoming raw material, storage, serving, and delivery

Proof has been furnished by means of an audit that the requirements of ISO 22000:2018 are met.

Validity: The certificate is valid in conjunction with the main certificate from 2022-02-07 until 2025-02-06

2022-02-07

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COMPLIANCE WITH LAWS AND REGULATIONS

Environmental Compliance

103-1, 103-2, 103-3, 307-1

PDP

Customers are increasingly choosing products that are not only of high quality and safe, but also environmentally friendly.

PDP anchors its waste management system on the provisions of Republic Act (RA) No. 9003 or the Ecological Solid Waste Management Act of 2000 and RA No. 6969 or the Toxic Substances and Nuclear and Hazardous Wastes Control Act of 1990. In compliance with these environmental laws, PDP invested P0.7 million in 2021 to improve its waste collection facility resulting in more efficient waste segregation.

PDP successfully renewed and received its ISO 14001: 2015 Certification thereby assuring its stakeholders that the company follows international standards for an effective environmental management system.

PDP also secured a regulatory product-level compliance from the European Union's Restriction of Hazardous Substances (RoHS), also known as Directive 2002/95/EC, that restricts the use of specific hazardous materials found in electrical and electronic products.

For the covered period, PDP has not been involved in any environmental disputes, nor has it been fined nor imposed with any administrative or judicial sanction.

PDP's newly renovated Material Recovery Facility is where wastes are classified and segregated into hazardous or non-hazardous. The latter is further classified into recyclable or residual wastes.

SSRLI

Amanpulo's discerning guests value unique experiences that allow them to contribute to the health of the island's precious ecosystem.

To maintain its pristine surroundings, Amanpulo strictly adheres to laws and rules and regulations of various government regulatory bodies on environmental protection and customizes the Resort's offerings and services to minimize negative impacts to terrestrial and marine environments.

Amanpulo follows five basic Philippine environmental laws:

- Presidential Decree No. 1586 – Environmental Impact Statement System
- RA No. 9003 – Ecological Solid Waste Management Act of 2000
- RA No. 6969 – Toxic Substances and Hazardous Wastes Control Act of 1990
- RA No. 8749 – Philippine Clean Air Act of 1999
- RA No. 9275 – Philippine Clean Water Act of 2004.

Amanpulo's General Manager acts as the Chief Environmental Executive and works with the Resort's Pollution Control Officer to protect the island's environment.

The Resort complies with reportorial requirements on its environmental program and performance, which is reported quarterly. Water samples are periodically analyzed by an accredited third-party water testing laboratory. The volume of hazardous and non-hazardous wastes from Amanpulo's operations are monitored and assessed for its impact on the environment. These results are summarized into a Self-Monitoring Report regularly submitted to the Department of Environment and Natural Resources-Environmental Management Bureau (DENR-EMB).

Amanpulo has a Marine Conservation Program which shows its commitment to a sustainable future. The program is in line with RA No. 9147 or the Wildlife Resources Conservation and Protection Act which aims to conserve and protect wildlife species and their habitats.

The program has these components:

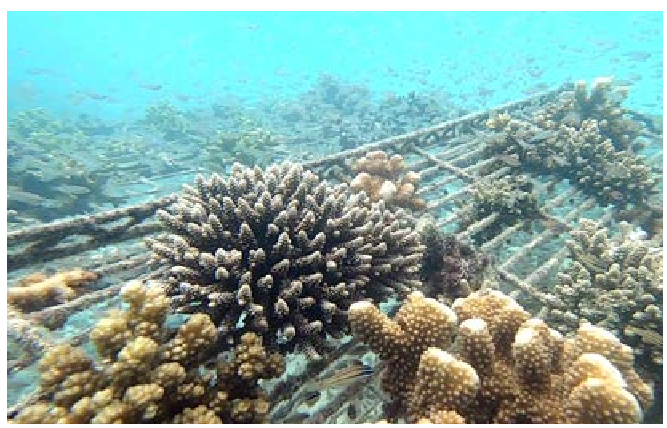
Key Result Area 1: ENVIRONMENT PROTECTION & MARINE BIODIVERSITY CONSERVATION

Amanpulo is committed to conserving marine biodiversity and protecting the many threatened species inhabiting the surrounding habitats. It has a two-pronged approach on environment protection.

Coral reef restoration

Building on last year's success, 40 more fish domes were constructed and deployed in 2021. A fish dome is an artificial reef structure made from limestone rocks and dead corals which becomes a new substrate for transplanted coral fragments to improve coral growth in depleted areas around Pamalican. It also provides a protective habitat for small reef fishes and invertebrates.

Coral Nursery Units consisting of coral fragments placed in the nursery are outplanted later to the house reef for better survival. The nursery has been established for the past two years and has very minimal effects on wild populations because it only houses stressed coral fragments detached from their colonies due to natural disturbances like typhoons or breakage brought about by strong waves or marine life. It has been the source of hundreds of fragments secured back to the house reef for the past six months.



Marine Turtle Protection

This year the Resort exceeded its target of 1,000 hatchlings with its collection of 3,304 eggs from 36 nests of 31 Green Sea Turtles and five Hawksbill Turtles compared to the previous year's 861 eggs from nine nests.

Of the 3,304 eggs, 2,352 hatchlings were released. This meant that the hatching and emergence success rates improved to 70% and 69%, respectively. There was zero mortality compared to the previous year's hatching success rate of 56% and emergence rate of 52% with 54% mortality. The Resort's monitoring tool was used in tracking the turtles' nests and the number of eggs hatched, emergence and mortality.

Improving the Pamalican Red List of Threatened Marine Species

Dugong dugon is on the International Union for Conservation of Nature (IUCN) Red List of Threatened Species and was spotted at the southern tip of Pamalican Island last October 2021. Sightings of this gentle creature have been recorded in Pamalican every quarter since July 2021. With Amanpulo's biodiversity conservation program, more sightings of this species are expected to be recorded next year.

The endangered green sea turtle is one of the few animals that eat seagrass, keeping seagrass beds healthy by keeping them short and helping it grow across the sea floor rather than just getting longer grass blades. The Resort stays committed to understanding the sea turtle population which are the world's most mysterious and time-honored creatures that have existed for over 100 million years and generally support the overall health of the marine environment.

Key Result Area 2: STAKEHOLDER ENGAGEMENT

Amanpulo proactively engages with stakeholders to contribute positive impacts for the social, economic and environmental protection within the community where the Resort operates.

Local Community

Supporting the local community includes: promoting local culture, tapping local environmental knowledge and sharing best practices with the current development in local and international travels, and developing the natural richness of surrounding communities and potential ecotourism recreational activities.

However, due to the pandemic all ecotourism activities involving the local community were on hold in compliance with government restrictions.

Guests

Utilizing opportunities across the Resort to involve guests in hands-on information, education and communication (IEC) campaigns are essential for responsible tourism. One of the examples include involving guests as monitoring partners by submitting pictures of the wildlife they have encountered during their recreational activities such as snorkeling trips or sea turtle hatchlings release. This has enabled us to catch rare glimpses of notable wildlife such as sightings of “dugong” and Gray Spinner Dolphins.

To mitigate the growing destruction of natural habitats, fish feeding is controlled and discouraged and instead, natural and responsible interaction with marine wildlife is encouraged.

Fish feeding can result in negative unintentional consequences such as: impacting the species’ unhealthy diet, disease, dependency on humans, aggressiveness and behavior leading to human-wildlife incidents, dominance of a few species and long-term reduced taxonomic richness, disrupting the delicate balance of the marine ecosystem and overgrowth of algae inhibiting coral growth.

Developing the Resort staff’s volunteerism in responsible tourism made a difference in guests’ participation. Involving the staff and raising awareness of the program including the basics about the Pawikan Protection Program increased the confidence of the staff to share their knowledge with guests. Some guests joined coral planting activities and releasing of sea turtle hatchlings. Staff volunteerism also helped construct fish domes and deploy it underwater.

Government, NGOs and Partners

Collaboration and joint activities with authorities and environmental organizations strengthen Amanpulo’s commitment in protecting its natural resources.

The Resort and ASF jointly assess the reefs and share best environmental practices, resources and manpower for knowledge and skills transfer among partners.

ASF supports the biannual and seasonal reef assessments to conduct fish visual surveys, coral health and benthic community assessments. It provides trained and experienced staff and community partners/surveyors, with materials and equipment for a week-long reef survey. Ocular surveys and assessments are also conducted to further improve the Manamoc Marine Protected Area as well as joint IEC campaigns on environment protection for the community especially for schoolchildren.

Amanpulo and the Large Marine Vertebrates Research Institute Philippines, Inc. (LAMAVE), a non-stock, non-profit NGO for marine biology conservation, began discussions in 2021 to jointly contribute generated data to the country’s marine research and conservation efforts.

For 2022, the partnership is looking to achieve: a more comprehensive understanding of the biology, ecology and population of marine turtles and their connectivity in the Philippines and Southeast Asia, their nesting seasonality, and nesting success in the Resort. Conservation recommendations will enhance the Resort’s management plan for Pamalican marine turtles.

Amanpulo has not been involved in any environmental disputes nor has it been imposed with fines, or administrative or judicial sanctions in 2021.

Economic: Balanced & Inclusive Growth

102-45, 103-1, 103-2, 103-3, 201-1

The Anscor Group successfully weathered difficulties brought by the COVID-19 pandemic. The Company's balanced investment portfolio, consisting of operating and financial assets, generated a net income of P2.5 billion in 2021 compared to P165.6 million in 2020. This allowed the Company to reward shareholders with steady income. Total dividends paid to stockholders for 2021 amounted to P0.75 per share.

The Philippine Stock Market grew in 2021, resulting in higher values of financial assets while investment in private equity funds generated gains in 2021. These resulted in higher direct economic value created or total revenues from P6.9 billion in 2020 to P11.4 billion in 2021 or an increase of 65%.

With improved revenues and profits, in 2021, taxes paid to the Government, and donations made through Anscor's corporate social responsibility arm, ASF, were correspondingly increased. Anscor looks forward to 2022 with optimism and our key subsidiaries are all positioned to benefit as the Philippines and the regional economies recover.

Direct Economic Value Generated and Distributed*
(In Million Pesos)

	2021	2020	2019
Direct Economic Value Generated	11,354.1	6,883.7	10,695.4
Operating Costs	7,949.7	5,809.1	7,656.9
Employee Wages & Benefits	458.0	452.1	533.4
Dividends given to Stockholders and Interest Payment to Loan Providers	930.9	962.0	663.8
Taxes given to Government	471.1	364.2	484.6
Investment to Community	12.9	10 .0	9.6
Direct Economic Value Distributed	9,822.6	7,597.4	9,348.3
Direct Economic Value Retained	1,531.5	-713.7	1,347.1

**The data presented are derived from the Audited Consolidated Financial Statements of A. Soriano Corporation and its subsidiaries for 2021, in accordance with relevant Philippine Financial Reporting Standards and includes the following subsidiaries: A. Soriano Air Corporation, AFC Agribusiness Corporation, Anscor Consolidated Corporation, Anscor Holdings, Inc., Anscor International, Inc., Island Aviation, Inc., Minuet Realty Corporation, Pamalican Resort, Inc., PD Energy International Corporation, Phelps Dodge International Philippines, Inc., Phelps Dodge Philippines Energy Products Corporation, and Seven Seas Resorts and Leisure, Inc.*

SUPPLY CHAIN

102-9

PDP

PDP's supplies, materials and services are sourced from both local and foreign suppliers who meet PDP's required standards and comply with the requirements of regulatory agencies of the government.

These procurements consist of raw materials such as rods, polyvinyl chloride (PVC), etc., that are directly related to its production, promotional materials under sales and marketing, MAS 500, a software on enterprise management solutions; internet service providers for the company's information technology (IT) systems, utility providers for electricity, building lease, forwarders; and service providers for janitorial, security and its labor cooperative. Total estimated value paid to 899 suppliers in 2021 amounted to P8.50 billion.

There were no significant changes in the organization in 2021. On the supply side of the operation, PDP increased its inventory of copper rods due to the lingering issues brought about by the congestion in Philippine ports.

Suppliers	2021	2020
Local	761 or 85%	260 or 76%
Foreign	138 or 15%	80 or 24%
TOTAL	899 / 100%	340 / 100%
Total Value Paid to Suppliers (in Billion Pesos)	8.50	6.02

SSRLI

Amanpulo' s engagements and transactions with suppliers for goods and services include air charters, fuel and oil for power generators, laundry supplies, food and beverages, new bath items and linens, cleaning and medical supplies.

Amanpulo strictly adheres to government-mandated standards such as suppliers' legal documents as proof of legal existence, issuance of official receipts, proof of tax payment, and other requirements.

There was a notable increase by 181% of the total value paid to suppliers from P120.6 million in 2020 to P338.4 million in 2021. The increase in value was due to the physical improvement/constructions, repairs and maintenance of rooms and various facilities during the period.

While there was an increase in value paid to suppliers, a substantial decrease was noted in the number of domestic suppliers in 2021 by 28% to only 1,144 from 1,590 in 2020. The decrease in the number of suppliers was due to:

Sourcing for new suppliers was limited with the closure of many business establishments during the pandemic. Amanpulo utilized the remaining active suppliers for its needs. Several requirements were consolidated and awarded to suppliers (local) that were able to provide most of the needs of the Resort. While the pandemic still raged in 2021, the Resort operation is far better than 2020.

Item	2021	2020
Foreign Supplier	97	98
Domestic Supplier	1,144	1,590
Total No. of Suppliers	1,241	1,688
Total Value Paid to Suppliers (in Million Pesos)	338.38	120.60

Social: Responsive Stakeholder Relationships

INFORMATION ON EMPLOYEES AND WORKERS

102-8

In 2021, the Anscor Group had a total of 969 employees, an increase of 2.3% from the previous year's 947.

Anscor had 29 employees, including employees of Anscor Holdings, Inc., the property unit of the Company. PDP' s employee count increased slightly by 3.8% or a total of 514 from last year's 495 while Seven Seas/Amanpulo's employee count decreased from 411 employees to 407. ASF had 19 employees with one employee whose employment contract was completed during the year.

Distribution of Employees by Classification per Company

a. Distribution of Employees According to Position and Rank

POSITION CATEGORY	PARENT COMPANY	SUBSIDIARIES			GROUP TOTAL
		PDP	SSRLI/Amanpulo	ASF	
Top Management	8	4	12	4	28
Middle Management	2	9	37	3	51
Supervisors	2	4	35	1	42
Rank and File	17	497	323	11	848
TOTAL	**29**	**514**	**407**	**19**	**969**

b. Distribution of Employees by Employment Contract/by Gender

Company	PERMANENT		TEMPORARY		Total
	Female	Male	Female	Male	
Anscor	13	16	-	-	29
PDP	48	233	7	226	514
SSRLI/Amanpulo	81	253	20	53	407
ASF	8	4	1	6	19
Total	**150**	**506**	**28**	**285**	**969**

c. Distribution of Employees by Contract/Region

Company	PERMANENT				TEMPORARY				Foreign Country/ Expat	Total
	NCR	Luzon	Visayas	Mindanao	NCR	Luzon	Visayas	Mindanao		
Anscor	29	-	-	-	-	-	-	-	-	29
PDP	55	217	5	4	9	224	-	-	-	514
SSRLI/Amanpulo	50	250	21	5	60	13	-	-	8	407
ASF	6	6	-	-	-	7	-	-	-	19
Total	**140**	**473**	**26**	**9**	**69**	**244**	**-**	**-**	**8**	**969**

d. Distribution of Employees by Employment Type/by Gender

Company	FULL TIME		PART TIME		Total
	Female	Male	Female	Male	
Anscor	15	14	-	-	29
PDP	55	459	-	-	514
SSRLI/Amanpulo	81	253	20	53	407
ASF	8	9	1	1	19
Total	**159**	**735**	**21**	**54**	**969**

The Anscor Group of companies each have an HR Department that implements its HR policies particularly, on hiring of employees using various available job portals, other online platforms and third-party contacts and referrals. The hiring process follows the standard norms of in-person initial and final interviews and written exams. Due to the pandemic, online interviews are the current practice taking into consideration the health and safety of applicants and employees of the Group.

Each company strictly follows the provisions of the Labor Code on the mandatory six-month probationary period for new hires. In the fifth month, the employee is evaluated using parameters for the job or the position for which the employee was hired. Passing the performance assessment means regular employment (be it permanent or project-based) but when the result of performance assessment is below standard, the employee is duly informed of the non-regularization or end of his or her employment. The HR Departments conducts annual performance evaluation to determine the employees' training needs, incentives and salary adjustments.

The Anscor Group engages contractors that supply manpower to perform non-core support services. These are in the areas of janitorial, messengerial and security services normally contracted to third parties that strictly comply with the Labor Code.

EMPLOYMENT

102-7, 103-1, 103-2, 103-3, 401-1, 401-2

PDP

As PDP operations gradually returned to normalcy after intermittent lockdowns, employees continued to be provided with free shuttle service, free weekly Antigen testing and monthly RT-PCR tests, and vaccinations for the basic two doses and the booster shot. These benefits are in addition to the mandatory benefits which the company strictly follows.

PDP does not have a collective bargaining agreement with its employees as there is no union. Instead, the company supports the employees' initiated Family Council or Labor-Management Council where employees' voices are heard.

PDP New Employee Hires

		Total		
		2021	2020	2019
By Age Group	18 years old and below	0	0	0
	19-30 years old	22	11	24
	31-40 years old	3	7	7
	41-50 years old	1	1	1
	51 years old and above	0	0	0
By Gender	Male	22	16	25
	Female	4	3	7
By Region	NCR	5	2	7
	Central Luzon	12	14	25
	Region II	1	-	-
	Region IV-A	4	2	0
	Region V	1	-	-
	Region VI	2	-	-
	Region X	-	10	10
	Region XI	1	-	-

In 2021, four new employees filled up four vacant positions due to resignations. Twenty other positions were either newly created positions or those still vacant. Most of the vacant positions were directly related to the plant operations while two others were for the Human Resources and Information Technology departments, respectively.

PDP Employee Turnover

		Total		
		2021	2020	2019
By Age Group	18 years old and below	0	0	0
	19-30 years old	3	5	3
	31-40 years old	2	1	2
	41-50 years old	12	2	12
	51 years old and above	0	0	0
By Gender	Male	8	6	8
	Female	9	2	9
By Region	NCR	7	5	13
	Central Luzon	5	3	4
	Region VI	1	-	-
	Region XI	2	-	-

Fifteen employees were separated from the company during the year due to retirement, completed service contract, resignation to transfer to another company near their residence, and non-regularization.

SSRLI

Amanpulo follows a standard hiring process: job posting, screening of candidates, two to three interviews with Managers/leaders, background checks; job offers and submission of pre-employment requirements before joining the company. Aside from government mandated benefits, Amanpulo also provides health maintenance coverage, accident and life insurance, retirement benefits, full board, flight benefits, service incentive leave, sick leave bank and share from the service charges at an average of P25,117 per month.

Amanpulo does not have a collective bargaining agreement with its employees as there is no union in the company. The company also had its own lockdown to ensure that its facilities were properly disinfected, its employees inoculated before opening to guests and that employees were well protected, especially those with direct engagement and interaction with guests. Amanpulo provided free regular antigen and RT-PCR tests to its employees. Before returning to work, employees and contractors are required to do a six-day quarantine. Six-day free board and lodging arrangements are given to each batch of employees who are due to report for work.

Amanpulo New Employee Hires

		Total		
		2021	2020	2019
By Age Group	18 years old and below	0	0	0
	19-30 years old	10	16	23
	31-40 years old	10	11	10
	41-50 years old	12	5	1
	51 years old and above	2	1	2
By Gender	Male	28	20	15
	Female	6	13	21
By Region	NCR	24	17	31
	Luzon-wide	10	12	4
	Expats	-	4	1

Most of the new hires replaced those from Engineering, Front Office and Kitchen who went back to their homes due to the lockdown and decided not to go back when the Resort was reopened.

Amanpulo Employee Turnover

		Total		
		2021	2020	2019
By Age Group	18 years old and below	0	0	0
	19-30 years old	10	25	23
	31-40 years old	32	28	25
	41-50 years old	17	4	1
	51 years old and above	10	4	3
By Gender	Male	56	38	17
	Female	13	23	35
By Region	NCR	34	44	36
	Luzon-wide	35	14	11
	Expats	0	3	5

Increase in employee turnover during the period was due to retirement and to the transfer of gardeners and groundskeepers or half of the total employees to a third-party landscaping company.

STAKEHOLDERS' HEALTH AND SAFETY

103-1, 103-2, 103-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9

CONTINUING COVID-19 INITIATIVE

ANSCOR

Throughout 2021, Anscor continued to follow strict safety and health protocols at its office premises, adopting work from home arrangements for its employees and providing free shuttle services, face masks and alcohol, antigen testing and RT-PCR tests to its employees when necessary.

To protect the health and wellbeing of employees, the company provided free vaccinations to all 29 employees of Anscor. All employees are now fully vaccinated and all have availed of their booster shots. Anscor had 18 positive cases, with most having no or mild symptoms. None of the positive cases required hospitalization.

To improve air quality in its office premises, the Company procured air cleaners with High Efficiency Particulate Air (HEPA) filters and installed ultraviolet (UV) light in its air conditioning system.

PDP

PDP continued its initiatives to protect the employees and their families from the COVID-19 virus. Regular health screenings, shuttle services and Antigen/PCR tests were provided to employees for free. Ventilation of work spaces was improved with bigger windows and more intake and exhaust fans.

PDP invested P2.96 million in vaccines that were given free to employees, resulting in a 93% vaccination rate. Of the 502 employees, 348 (69%) were fully vaccinated, 121 (24%) partially vaccinated, 13 (3%) not yet vaccinated, and 20 (4%) were vaccine-hesitant. Out of 348 fully vaccinated employees, 317 had their vaccines from the government vaccination program and 31 used the company-supplied vaccines. There were 66 COVID-19 positive cases among the employees with one fatality.

AMANPULO

Amanpulo invested millions of pesos in taking care of its employees. It spent P4.08 million in vaccine procurement that included antigens and RT-PCR tests.

There were 1,484 antigen and 1,059 RT-PCR tests conducted with 458 employees fully vaccinated with 2 doses and 375 with a booster vaccine. Outside of Amanpulo's vaccination initiative, 118 of its employees were fully vaccinated under the government-led vaccination program.

The resort continues to require RT-PCR tests for incoming staff and arriving guests. Antigen testing of staff is occasionally requested by guests. RT-PCR tests or antigen tests are done on international travelers per request before leaving for their country of origin. A negative antigen test is still the minimum standard for individuals coming from neighboring islands to deliver goods or transport personnel to the Resort.

ASF

All 19 ASF employees have been fully vaccinated with seven availing of their booster shots. Also, the Foundation continuously provides free antigen/RT-PCR Tests and other medical supplies such as face masks, face shields, alcohol and PPEs used especially during field work activities.

During the period, four employees tested positive for COVID-19. There were no fatalities.

OCCUPATIONAL HEALTH AND SAFETY

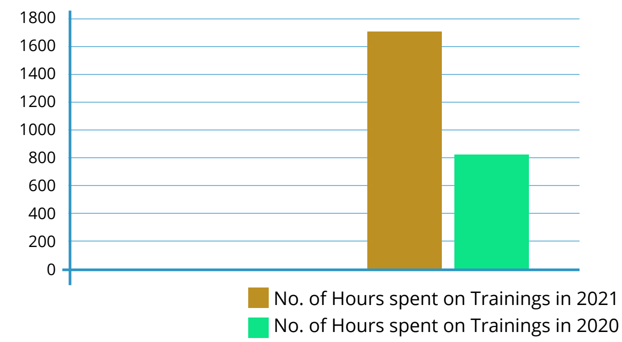
TRAINING

PDP launched training programs to further hone the knowledge and skills of its employees in safety and health such as Fire Brigade Refresher, First Aiders Refresher, Occupational Safety and Health Modules 1 to 6, and Wellness for employees who worked from home.

The Awareness Training on ISO 45001:2018 was for an updated ISO Certification on Safety Compliance replacing the OHSAS 18001. Thirteen training sessions were held attended by 815 employees. A total number of 1,707.5 hours were spent on these training sessions, compared to 814 hours in 2020.

The Auditors of the Department of Labor and Employment (DOLE) conducted a routine inspection at the PDP plant in Tarlac to check the company's level of compliance with the Occupational Health and Safety standards set by the government. A Notice of Compliance was issued on January 7, 2021.

PDP Safety and Health Training



SAFETY RECORD

There was no fatality recorded among PDP employees, whether regular or third-party employees for the covered period.

One incident was recorded in March 2021 of a machine operator who dislocated his right ankle and incurred hematoma on his right hip when he passed out due to low hemoglobin. Employees, especially those at the plant site, were advised to regularly visit the company's medical clinic for medical check-up, medical advice and medications.

2021 and 2020 Comparative Data

	Fatality occurrence		Incidence of high consequence work-related injury		Rate of high consequence work-related injury*	
	2021	2020	2021	2020	2021	2020
Work-related injuries						
a. Company Employees	0	0	1	1	1.77	1.77
b. Third-Party Workers	0	0	0	1	0	1.57
Work-related Ill Health						
c. Company Employees	0	0	0	0	0	0
d. Third-Party Workers	0	0	0	0	0	0

** The rate of high-consequence work-related injuries (excluding fatalities) was calculated based on the following formula: 1 (incident)/565,902 (man-hours) x 1,000,000 (hours worked). For third-party workers, the rate of high-consequence work-related injuries (excluding fatalities) was calculated based on the following formula: 1 (incident)/635,492 (man-hours) x 1,000,000 (hours worked).*

ISO CERTIFICATION

The plan of PDP to shift from OHSAS 18001 to ISO 45001: 2018 on Safety Compliance in 2021 was fully achieved.

WATER BOTTLING PROJECT
AN UPDATE

Amanpulo affirmed its commitment to environmental protection with the development and installation of its water bottling facility. The Water Bottling Project aims to reduce the volume and eventually eliminate single-use plastic waste from bottled mineral water. This will lessen Amanpulo's carbon footprint and result in an annual cost savings of approximately P1.1 million.

The water bottling facility of the resort is the first among all Aman properties and is only the seventh water bottling facility in operation for a resort/hotel in the Philippines.

The facility became operational on December 15, 2020. At the start of 2021, it fully served three restaurants (Phase 1), guests' rooms (Phase 2), the spa, and sports and recreation areas (Phase 3). Phases 4 and 5 will be implemented by 2022.

Amanpulo baseline data showed that in normal and regular operations, an average of 427,790 pieces of 350 mL single-use PET water bottles valued at P2.5 million become waste annually.

Despite several pandemic lockdowns during the year, the Resort helped save the environment by an estimated 255,275 PET bottles valued at P1.5 million. Once the business has fully recovered from the COVID-19 pandemic, it aims to decrease waste by 500,000 PET bottles for a cost-saving of approximately P2.9 million annually. The forecasted return on investment is 2.5 to 3 years.

Environment: Environmental Stewardship

WATER EFFICIENCY

103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 303-4, 303-5

SSRLI

Amanpulo operates on an island where surface water is non-existent and ground water extraction destroys the island's ecological integrity. This led to the installation of a 1,450 cubic meter capacity desalination plant to draw Amanpulo's water needs from the sea. Based on studies conducted and through continued monitoring and assessment of the anticipated effects, there was no material impact associated in drawing water from the sea. This is also true when the effluents from the desalinated water are returned to the sea.

Water Withdrawal and Interactions with Water as a Shared Resource 303-1

Desalinated fresh water is used in all levels of Amanpulo's operation from supplying water to the guests' rooms, restaurants, kitchens, back of the house for laundry, swimming pools, cottages, offices and staff rooms. As a shared resource, management orients and reminds the staff on the importance of water as a resource.

The regulatory guidelines and policies under RA No. 9275 or the 2004 Philippine Clean Water Act govern Amanpulo's water use monitoring systems and procedures that includes water withdrawal, consumption and discharge. This requires regular calibration and documentation of installed water meters in its facilities.

Water Discharge and Managing Water Discharge Impact 303-2

A Pollution Control Officer does quarterly self-monitoring to identify any water-related impacts. The report is submitted to DENR-EMB whose representatives validate it through an annual site monitoring visit. In addition, a DENR-accredited laboratory conducts water sampling analysis of water potability of desalinated water and sewerage system wastewater annually.

There are two major discharges of used water from Amanpulo's operation. First, is the effluent generated from the desalination process called brine water, and the second is the actual wastewater from resort operation.

Brine water is discharged back to the sea immediately after the desalination process. Based on the record and actual experience documented, no material negative impact was seen in the locations where the discharge was done.

On the wastewater from operations, all water discharge was directed to a wastewater treatment pond facility with a capacity of 0.5 mega liters per day. It then goes through three levels of treatment and only then, treated water is indirectly discharged to the ground to water plants and to dirt roads to prevent dust, especially during the peak summer season. Amanpulo's engineering department and other strategic units set water utilization targets annually as part of goal and objective setting for the overall operations.

The result of laboratory tests on desalinated potable water revealed that it has passed the standard as set forth by the RA No. 9275 otherwise known as the "Clean Water Act."

Further, the result of sampling analysis on untreated wastewater (influent) flowing into the STP showed a high value of "220 MPN/100 mL" which is normal for untreated wastewater while the treated wastewater (effluent) flowing out from the STP and utilized for various uses showed a significant reduction in its value of "u <1.8 MPN/100 mL". This means that when in used, treated wastewater has a very minimal impact on the groundwater and marine of Pamalican Island.

2021 Potable Water Sampling Analysis - Desalinated
Lab Sample ID: 21-13026-005

STANDARD PARAMETERS	METHOD	STANDARD	VALUES	RESULT
Escherichia coli Count	Multiple Tube Fermentation Technique	< 1.1 MPN/100 mL	< 1.1 MPN/100 mL	PASSED
Heterotrophic Plate Count	Pour Plate	< 500 CFU/mL a	< 1 CFU/mL	PASSED
Thermotolerant (Fecal) Coliform Count	Multiple Tube Fermentation Technique	< 1.1 MPN/1 00 nrL .	< 1.1 MPN/100 mL	PASSED
Total Coliform Count	Multiple Tube Fermentation Technique	< '1.1 MPN/100 mL	< 1.1 MPN/l00 mL	PASSED
Technique	<1 1 MPN/100 mL a	< 1.1 MPN/100 mL	< 1.1 MPN/100 mL	PASSED

Sample Description/Condition: The sample is clear and received in a sterile bottle transported with ice. Sample was taken as a grab sample.
References: Philippine National Standards for Drinking Water 2017

2021 Wastewater Sampling Analysis
Table 1-A: Wastewater - STP influent
Lab Sample ID 21-13026-002

STANDARD PARAMETERS	METHOD	RESULT
Thermotolerant (Fecal) Coliform Count	Multiple Tube Fermentation Technique	220 MPN/100 mL

2021 Wastewater Sampling Analysis
Table 1-B: Wastewater - STP influent
Lab Sample ID: 21-13026-001

STANDARD PARAMETERS	METHOD	RESULT
Thermotolerant (Fecal) Coliform Count	Multiple Tube Fermentation Technique	u <1.8 MPN/100 mL

Sample Description/Condition: The sample is turbid with chlorine-like odor and received in a sterile bottle transported with ice. Sample was taken as a grab sample.
References: Standard Methods for the Examination of Water and Wastewater (23rd ed. 2017)

Water Withdrawal by Source
303-3

2021 Total Seawater Withdrawal to produce fresh water

507 mega liters
a slight increase of 0.4% from previous year's 505 ML

Water Discharge by Destination
303-4

A. Seawater: Brinewater from Desalination

2021 Wastewater Discharge

304 mega liters
an increase of 2% from previous year's 298 ML

B. Sewage Treatment Plant

2021 Water Discharge: Influent

80 mega liters
43% increase from previous year's 45 ML due to upsurge of in resort operation

2021 Water Discharge: Effluent from STP

57 mega liters
an increase of 44% from previous year's 32 ML

Water Consumption
GRI 305

2021 Total Water Consumption

201 mega liters
17% higher than the 172 ML in 2020 and 4% increase from the consumption level of 192 ML in 2019

Guest room occupancy drives water consumption. There is a direct proportion between upsurge in guests and manpower requirements and vice versa. Increase in water consumption during the period was due to improved resort operation compared to 2020 when incessant COVID-19 lockdowns disrupted the operation.

Fresh water from seawater desalination only uses an 800-cubic meter water storage tank. No other sources of water and third-party suppliers were involved. There have been no identified areas with water stress and no significant water-related impact observed and recorded. There has been no change in water storage since 2019.

Data in this section follow Amanpulo's policies and procedures and are sourced from the water withdrawal and consumption monitoring file and reports during the period.

WASTE MANAGEMENT
103-1, 103-2, 103-3, 306-2, 306-3, 306-4

3 GOOD HEALTH AND WELL-BEING | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

PDP

PDP's core business requires it to be extremely vigilant and cautious particularly in waste management at the plant site to protect the quality of its products, and most especially since it values the safety and health of its plant's employees, the environment and the public.

Aside from anchoring its waste management system on the guidelines of RA No. 9003 or the Ecological Solid Waste Management Act, and RA No. 6969 on Hazardous Waste, PDP is an ISO 14001:2015-Certified company with a functional overall environmental management system. This includes enhanced environmental performance and full compliance with its obligations to achieve its environmental objectives.

Waste by Type and Disposal Method

With its increased wires, cables and accessories production, PDP generated an average of 90 metric tons (MT) of hazardous waste, a 28% increase from last year's 70 MT. PDP has an active contract with a DENR-accredited third-party company to treat and dispose of this waste to an accredited landfill facility.

89 metric tons of hazardous waste
a 28% increase from previous year's 70 MT

On non-hazardous waste, the plant generated 961 MT of scrap copper wire, 40% higher compared to last year's 686 MT. Further, its scrap aluminum wires were greater at 87% with 97 MT compared to 52 MT from last year. Both scrap metals were disposed of through a contracted third party for recycling.

Non-hazardous and residual wastes composed of plastic, paper and other materials increased by 27% to 36 MT from 28 MT generated last year. These were brought to an accredited landfill facility by an accredited third-party treater.

Transport of Hazardous Waste

The amount of hazardous waste transported out of the plant and treated was 25 MT. This was brought to a government-accredited landfill facility by a contracted and DENR-accredited third-party treater as well. The amount of hazardous waste disposed of was significantly lower than the actual volume generated during the period.

25 metric tons of hazardous waste
transported and treated in a DENR-accredited facility

The treatment and disposal process of the remaining waste was halted when the contracted treater relocated its treatment plant and had to re-apply with DENR-EMB for a new permit. PDP plans to get a new third-party contractor for 2022 whose facility is nearer to its plant.

PDP has not experienced any default from its disposal contractor. PDP's hazardous waste was neither imported nor exported during the period and has no recorded spill.

SSRLI

There are no human settlements or local residential areas in Pamalican Island. Due to its operation, the Resort produces non-hazardous and hazardous wastes that may have potential impacts within the property – both terrestrial and coastal areas which are the focus of this report.

To prevent any potential negative impacts, the company anchors its waste management system on the guidelines provided by RA No. 9003 or the Ecological Solid Waste Management Act and RA No. 6969 on Hazardous Waste. The DENR - EMB is the primary government regulatory agency that annually inspects Amanpulo's facilities.

Amanpulo protects its terrestrial and coastal environment from the potential impact of all waste products generated in and associated with its operations. Its goal is to efficiently and effectively manage its waste from the point of source to disposal. A Waste Management Plan is implemented by the Management Team headed by the Chief Environmental Officer with the two DENR-accredited Pollution Control Officers (PCOs) who underwent a rigid 40-hour PCO training course by a DENR-EMB-recognized training institution.

The PCOs regularly assess the effectiveness of the Amanpulo's waste management by ensuring:

- Quarterly waste water sampling analysis through a qualified and accredited water testing laboratory, and submission of the quarterly Self-Monitoring Report (SMR) to the DENR-EMB.
- Full functionality of its Material Recovery Facility where various wastes are classified and segregated into hazardous and non-hazardous.
- Monitoring of the wastewater treatment facility or the sewage treatment plan that operates 24/7 to remove pollutants from sewage and transform it into an effluent that can be returned to the water cycle or directly reused with minimum impact on the environment. The company uses the treated water for ornamental plants watering and road watering.
- Quarterly potable water and wastewater sampling analysis.

DENR-EMB validates the reports through its annual monitoring and assessment of Amanpulo's facilities and has found no issues on the resort's waste management for the covered period.

9.0 metric tons of hazardous waste

13% lower from waste generated of 10.4 MT in 2020

All hazardous wastes such as used cooking oil from the Resort's restaurants, used oil from machines and generators including dry cell batteries, and wastes from the medical clinic are disposed regularly via a cargo ship to a DENR-EMB-authorized treater facility. Hazardous waste is neither imported or exported by the company nor treated onsite. These actions are fully documented in the quarterly SMR submitted to DENR-EMB.

At least 20% of used cooking oil was donated to ASF for its "War on Plastic" project as an ingredient in liquefying and repurposing single-use plastic waste to another product that will benefit local communities.

132 metric tons of non-hazardous wastes

30% lower from the waste of 187 MT generated in 2020

Of the 131.96 tons of non-hazardous waste generated, 53.08 tons were recycled and reused, 60 tons were used for composting and as fertilizer for the Resort's organic vegetable farm, and 18.08 tons were residual wastes. The latter were regularly transported out of the island along with hazardous waste to a DENR-EMB-authorized treater facility.

ZERO spillage

of hazardous waste from point of origin to the accredited Treater Facility

Spillage is prevented on site as all water and fuel tank-related facilities have bund walls. Also, both the Sewerage Treatment Plant and the Desalination Plant are fully equipped to manage proper processing of waste water and seawater production into potable water with reliable water distribution pipes.

GOING PAPERLESS

A way forward to reducing the resort's carbon footprint

Going paperless helps reduce greenhouse gases such as carbon dioxide ($C0_2$) emissions. Cutting down a single tree can produce an estimated 17 reams of paper but simultaneously, felling one tree emits an approximately 110 lbs. of CO_2 into the atmosphere. Trees are considered nature's most efficient "carbon sinks." It is this characteristic that makes planting trees a form of climate change mitigation.

Amanpulo is moving towards a paperless-based operation to mitigate the impact of paper waste and the use of printer ink and electricity. First going paperless, which will mean using an iPad mini, a tablet and mobile phones, is its food management system via a digital platform called 1Auditor of a contracted company, Safety Culture. Implementation will be in two phases: first phase in March 2022 for the operation of the Resort and the next phase in June 2022 for the operation of the Villas.

ASF's work in northeastern Palawan continues to provide much needed support to island communities burdened by their geographic isolation and the adverse economic effects of the COVID-19 pandemic.

Anscor's Corporate Social Responsibility

102-12, 103-1, 103-2, 103-3, 413-1

THE ANDRES SORIANO FOUNDATION, INC.

ASF's work in northeastern Palawan continues to provide much needed support to island communities burdened by their geographic isolation and the adverse economic effects of the COVID-19 pandemic.

Through its Small Islands Program, the Foundation has extended developmental initiatives in health, livelihood, education, and environment so that the island communities remain empowered and sustainable. ASF also sustained its cancer management program, providing support to cancer patients and training health personnel through strong partnerships with stakeholders such as the UP-PGH Cancer Institute. In the midst of calamities, the Foundation also mobilized disaster relief efforts supporting the Anscor Group's employees and affected communities in Guimaras, Siargao and Palawan.

While the whole world grappled with the COVID-19 pandemic, the Foundation focused on protecting island communities from hazards to health and livelihood. Securing donations from partners both local and foreign, the Foundation rolled out successful information campaigns in island communities, helping to counter vaccine resistance and misinformation, and donating vaccines to achieve 70% herd immunity in Cuyo and Agutaya in Palawan. It also supplemented the vaccination program of local government units (LGUs) by donating and delivering additional vaccines to hard-to-reach island communities. Over P1.5 million was received from the Anscor Group, partners, and donors, which was used to provide food packs, vitamins, medications, antigen kits and gallons of alcohol and other disinfectants especially during lockdowns.

At the institutional level, ASF received at least P17.0 million in cash donation and grants from its regular and new donors. Following its succession plan, ASF was able to hire a second-line leader of the organization. In its program, its target is to be DSWD-accredited for its core programs, projects and services in 2022. It will also renew its Donee Institution status from the Bureau of Internal Revenue through the endorsement of the Philippine Council for NGO Certification to allow ASF's donors to receive tax incentives from the government.

SMALL ISLAND SUSTAINABLE DEVELOPMENT PROGRAM

Health

The pandemic drastically affected community health. Most affected were children from two to five years old, many of whom developed malnutrition.

The Foundation continued to support these children through its Supplementary Feeding Program, which despite setbacks in logistics due to the pandemic, still resulted in 46% recovery among beneficiaries. This meant that children were brought back to normal weight, with an improved nutritional status of 50% among those severely underweight.

Supplementary feeding beneficiaries partaking of their meals.

The "First 1,000 Days of a Child" project, which takes care of nutrition, prenatal care, and infancy of a child, was expanded to cover two more island barangays. Direct beneficiaries increased from 10 to 53, supplied with support for proper maternal nutrition through supplemental food, proper prenatal care, health information and post-natal care and nutrition.

Pre- and post-natal services provided by health center midwives were supported by health information accessed in the Safe Delivery App. Midwives and island-based health workers continue to use the Safe Delivery App, a health technology solution introduced in 2017 by the ASF in partnership with Denmark's Maternity Foundation, for proper maternal and post-natal care.

Program staff transporting supplementary feeding items.

A beneficiary couple being oriented on the First 1,000 Days of the Baby Project under the Health and Nutrition Program.

A Supplemental Feeding Program beneficiary (left) and (above) a mother tending to her vegetable garden, a component of the Supplementary Feeding program.

Glaiza says that the project has been very helpful for her and her baby. Baby Azumi Nachie was born with normal weight and at the appropriate gestational age, in contrast to Glaiza's first child who weighed only 1.7 kg and was delivered prematurely.

Baby Azumi is currently receiving exclusive breastfeeding to which Glaiza attributes the child's quick weight gain and rapid growth. This was not observed in her three older children because she did not have enough breastmilk at the time. She notices that she now has more breastmilk as she was provided with vitamins during her pregnancy and they consistently consume fresh nutritious vegetables from the seeds given to their family as part of the initiative. Glaiza and her baby also have not had any illnesses and Baby Azumi is up-to-date with her vaccinations.

Glaiza during her delivery of Baby Azumi Nachie last December 2020 (top) and after three months (bottom).

Education

ASF's Adopt-A-School program funds the annual repair and maintenance and provision of additional supplies and equipment for the Senior High School Tech-Voc Laboratory facility of Manamoc National High School in Palawan. The facility enabled senior high school learners to meet their practicum requirements during the pandemic.

Senior High School learners use the facilities donated by the Foundation during their practicum.

In addition to ten technical-vocational scholar-graduates, four more graduates are now regular employees of companies where they had their on-the-job training.

Two academic college scholars are completing their fourth year while a third scholar is in third year. Further, the Foundation supported the required school supplies of 244 kindergarten learners and 188 day care children from three local public elementary schools of Manamoc, Algeciras and Concepcion.

ASF and its partner-donor SHARE Foundation donated four units of gas ranges to the Senior High School.

(Top) Manamoc Elementary school principal, Glen Daculap and Kindergarten school teachers, and the school principal and teachers from Algeciras Elementary School (bottom) receive the donated school supplies for kindergarten learners from ASF through the generosity of several Amanpulo guests.

Livelihood

On-and-off lockdowns affected the livelihood of fishers and farmers in the islands. Sales of local products to the Resort became irregular. Aggregate sales of pork, chicken, fresh eggs, vegetables, and pandan native products dipped to P2.3 million compared to last year's P3.1 million.

This led the Foundation to support the Manamoc Marketing Cooperative to establish small market linkages with surrounding communities, resulting in sales of P1.1 million.

ASF received an in-kind donation of a P930,000 hat-blocking machine (below) from the Department of Trade and Industry Region 4-B for local weavers to produce iron-pressed buri beach hats that are sold to the Resort. This was donated to increase the quality of the products which would impact positively on sales and increase income for the partner-beneficiaries.

Livelihood products in partner communities.

An abundance of fish has been noted in MPAs supported by the Foundation. This redounds to better fish catch of local fisherfolk.

Environment

Protection and conservation of the marine environment are foremost in the Foundation's development agenda. Live coral cover improved and the variety of fishes increased their presence in nine Marine Protected Areas (MPAs) of ASF partner-communities. Based on reef check and fish count surveys conducted by the Foundation in cooperation with local partners, fish count has increased by more than 100% from previous years in some of the monitored MPAs.

A study conducted among fisherfolk in early 2021 showed a remarkable 66% increase in fish-catch observed from 2012 to 2021, attributed to the sustained management of MPAs. Seventy percent of fisher-respondents declared that fishing is a "highly sustainable" livelihood activity that supports most of their basic needs. This shows that environmental protection has direct tangible benefits to community members.

Local fish wardens and stakeholders monitor the Marine Protected Area of their community.

As part of coastal resource management, 12,750 mangrove seedlings were planted along the shorelines of six island communities, an improvement from last year's 12,578 seedlings. ASF's local partner-communities are always active during mangrove-planting campaigns. Youth groups, the Philippine National Police, the Coast Guard and barangay officials joined Coastal Resource Management activities.

In partnership with the Foundation, the Department of Science and Technology (DOST) Region 4-B donated a plastic waste shredder and densifier machines to appropriately manage and repurpose plastic wastes. These machines had outputs ranging from hollow blocks to paving bricks, all useful and with great potential in construction projects in the local communities.

The Densifier Machine melts shredded plastic waste using recycled cooking oil provided by Amanpulo from its restaurant operation.

Mangrove forests have thrived through information campaigns and mangrove planting activities supported by the Foundation.

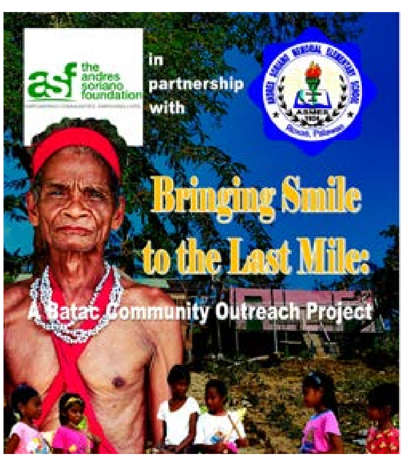
Aside from mangrove planting, the assisted communities also hold regular mangrove and coastal cleanup activities especially in September, the International Coastal Cleanup Month.

Plastic waste shredder and densifier machines donated by DOST.

Floor Tiles: Products from repurposing plastic waste

Continuous support is being provided to the UP-PGH Cancer Institute through partners' donations.

Turnover of laptops to the UP-PGH Cancer Institute



Relief food packs distributed to the Batac community in Roxas, Palawan after Typhoon Odette.

CANCER CARE PROGRAM

A partnership with six pharmaceutical companies continues to support eight medical fellows of Medical Oncology in UP-PGH to serve cancer patients in the Philippines.

With its commitment to support indigent patients with Stage 2 breast cancer, ASF released its annual support of P200,000 to the Cancer Institute for chemotherapy maintenance medicines of 53 breast cancer patients enrolled in the program.

Recognizing the changing landscape of healthcare with COVID-19, the Foundation provided the Cancer Institute with eight additional brand new laptop units in partnership with the Philam Foundation (now, AIA). This would ensure continuity of cancer services through online medical consultation with Cancer Institute Fellows.

DISASTER RELIEF RESPONSE PROGRAM & COVID-19 INITIATIVES

The Foundation was always on hand to provide assistance especially during calamities. It procured medical supplies and food packs for the community, supporting food requirements for 15 days. In Manamoc, 560 families received 10 kilos of rice and assorted food supplies including a box of Vitamin C with 100 tablets to improve immunity to the virus.

The devastating effects of Typhoon Odette were felt around the country a week before Christmas. Affected communities were plunged into darkness and disrepair during a time when they should have been celebrating the season.

To help alleviate some of the suffering of these communities, the ASF supported the relief operations of the parish in Nueva Valencia, Guimaras Province where coastal areas were affected by storm surges. Support was also extended to affected families in Palawan, particularly in the capital city of Puerto Princesa. In Roxas, Palawan, relief packages were distributed to two communities with 97 families of the indigenous Batac Tribe, whose isolated location left them cut off from many other aid efforts. ASF also provided funding assistance to several Anscor Group employees and their families who lost their houses and livelihood.

ASF's partner, Nueva Valencia Parish Volunteers in Guimaras Province distribute relief food packs to over 200 families affected by Typhoon Odette.

PDP Community Outreach Projects

PDP carried out social/local community initiatives partnering with service delivery organizations for various sectors. It provided an in-kind donation worth P31,950 to San Roque Parish in Sta. Cruz, Manila to help renovate the church, and donated lumber to the 522nd Engineers' Construction Battalion of the Philippine Army for its office tables and chairs.

For a safe school reopening and a conducive classroom environment for student-learners after two years of hybrid online and modular classes, PDP partnered with the local chapter of the Institute of Integrated Electrical Engineers of the Philippines, Inc. (IIEE) for the Department of Education's "Brigada Eskwela (School Volunteers' Brigade)." PDP donated electrical wires while IIEE did rewiring in classrooms of three local public schools in Tarlac province.

PDP and Habitat for Humanity adopted 13 newly constructed houses from two housing projects for poor households in Leyte Province by providing a complete package of electrical wiring solutions worth P233,000. Further supporting the initiative of Habitat for Humanity, the company adopted a community in Pasig and donated P150,000 for its Tree of Hope program for Christmas.

Aligned with its core business, PDP annually supports the launching of Fire Prevention Month at the onset of March every year. In the Philippines, the month of March is a critical period where most fire-related disasters happen. Together with the Bureau of Fire Protection National Headquarters, PDP Customers' Relations Group discussed via FB live, fire safety measures to protect lives and property, and introduced two of PDP's premium fire-retardant wire products. The session generated 2,500 engagements.

To protect its employees from natural disasters such as typhoons and earthquakes, PDP invested P19 million to retrofit its main office building.

PDP in partnership with the IIEE Tarlac Chapter participated in Brigada Eskwela for the October 2021 school opening. Electrical engineers inspected and replaced electrical wires donated by PDP in two public elementary schools in Tarlac.

PDP supports annual activities of Fire Prevention Month in March.

PDP's third-party workers' fire safety training

Amanpulo Employee Volunteers ready the food packs for boat transfer to Manamoc Island.

ASF community volunteers in Manamoc repacked 10 kilos of rice in addition to relief packs for 560 families.

SSRLI/Amanpulo Outreach Projects and Activities

Most of SSRLI/Amanpulo's outreach projects were for the needs of Barangay Manamoc where 50% of the Resort's employees and workers live. In August 2021, at the height of total lockdown in Manamoc with the upsurge in COVID-19 cases, Amanpulo donated P200,000 to ASF to complement the latter's relief assistance initiative. The employees volunteered to repack the food items and vitamins for 560 families. These were purchased by ASF in Manila and flown to the island via the Resort's chartered plane. In addition, Amanpulo produced over 600 copies of ASF's COVID-19 information materials for the community.

In December 2021, the Resort launched its second year of Christmas gift-giving to 660 children in Manamoc, with ages ranging from one-year old to 12 years old.

SSRLI also constructed a quarantine facility on its property in Manamoc Island for employees and contract workers as a half-way house for six days before they go back to work. Most of these employees are from Manamoc and nearby islands.

Children with their mothers await their turn to receive their gift toys last Christmas 2021 provided by Amanpulo Resort.

Four sturdy tents were installed at SSRLI's property in Manamoc as a quarantine area for contract workers. In addition, four houses in Manamoc were leased for the quarantine of its local employees before reporting for work for the safety and health of everyone at the Resort.

Global Reporting Initiative (GRI) Index

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	**Organization Profile**		
	102-1	Name of the organization	Page 2
	102-2	Activities, brands, products and services	Page 2
	102-3	Location of headquarters	Page 2
	102-4	Location of operations	Page 3
	102-5	Ownership and legal form	Page 2
	102-6	Markets served	Pages 2-3
	102-7	Scale of organization	Page 2
	102-8	Information on employees and other workers	Pages 21-22
	102-9	Supply chain	Page 20
	102-10	Significant changes to the organization and its supply chain	For the period covered, there were no significant changes in the size, structure, ownership of both Amanpulo and PDP. On supply chain, Amanpulo registered a decrease in the number of local suppliers due to closure of many businesses during the pandemic.
	102-11	Precautionary principle or approach	Page 13
	102-12	External initiatives	Pages 35-42
	102-13	Membership of associations	Page 11 PDP • Active member of the Philippine Electrical Wire Manufacturers Association. Amanpulo is an active member of the following associations: • Philippine Hotel Owners Association • Cost Controller's Association in the Hospitality Industry, Inc. • Information Technology Association of the Philippines ASF • Active member of Area-Based Standards Network under the Department of Social Welfare and Development both at the Palawan Provincial Level and Region MIMAROPA. • ASF also maintains its active membership in three (3) other social development networks. Refer to 2020 SR GRI Index.
	Strategy		
	102-14	Statement from Senior Decision Maker	Page 9
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behavior	Refer to 2019 SR

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
	Governance		
	102-18	Governance structure	Page 12
	Stakeholder Engagement		
	102-40	List of stakeholder groups	Pages 5-7
	102-41	Collective bargaining agreements	Pages 23-24 No Collective Bargaining Agreements in any of the subsidiaries within Anscor Group
	102-42	Identifying and selecting stakeholders	Pages 4-7
	102-43	Approach to stakeholder engagement	Pages 4-7
	102-44	Key topics and concerns raised	Pages 4-7
	Reporting Practice		
	102-45	Entities included in the consolidated financial statements	Page 19 2021 Audited Financial Statements
	102-46	Defining report content and topic boundaries	Pages 7-8 Refer to SR 2019
	102-47	List of material topics	Page 8
	102-48	Restatements of information	No Restatements of Information for 2021
	102-49	Changes in reporting	No Changes in Reporting
	102-50	Reporting period	Page 1
	102-51	Date of most recent report	Last Sustainability Report was 2020
	102-52	Reporting cycle	Page 1
	102-53	Contact point for questions regarding the report	Inside Back Cover
	102-54	Claims of reporting in accordance with the GRI Standards	Page 1
	102-55	GRI content index	Pages 43-46
	102-56	External assurance	No external assurance has been made for this report.
MATERIAL TOPICS			
ECONOMIC DISCLOSURES			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 19
	103-2	The management approach and its components	Page 19
	103-3	Evaluation of the management approach	Page 19
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Page 19

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
ENVIRONMENT DISCLOSURES			
Water Efficiency and Sustainable Water Withdrawal			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 29
	103-2	The management approach and its components	Page 29
	103-3	Evaluation of the management approach	Page 29
GRI 303: Water and Effluents 2018	303-1	Interaction with Water as a Shared Resource	Page 29
	303-2	Management of Water Discharge-Related Impacts	Page 29
	303-3	Water Withdrawal	Pages 29 & 31 As seawater is the only water source used by Amanpulo, all other water sources indicated in the GRI Standards (surface water, ground water, produced water, and third-party water) are not applicable. Further, there are no water-stressed areas in the island.
	303-4	Water Discharge	Pages 29 & 31 There are two major discharges of used water from the Resort's operation. First, is the effluent generated from the desalination process called brine water which is discharge back into the ocean and second, is the actual wastewater from resort operation that undergoes three levels of wastewater treatment through the Sewage Treatment Plant. Further, there are no water-stressed areas in the island.
	303-5	Water Consumption	Page 31
Waste Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 31-32
	103-2	The management approach and its components	Pages 31-32
	103-3	Evaluation of the management approach	Pages 31-32
GRI 306: Effluents and Waste 2016	306-2	Waste by Type and Disposal Method	Pages 31 & 33
	306-3	Significant Spills	Pages 32 & 33
	306-4	Transport of Hazardous Waste	Pages 32 & 33
SOCIAL DISCLOSURES			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Pages 23-25
	103-2	The management approach and its components	Pages 23-25
	103-3	Evaluation of the management approach	Pages 23-24

GRI Standard	Disclosure		Page Number (s), Direct Answer, and/or Reason for Omission (if applicable)
GRI 401: Employment 2016	401-1	New Employee Hire & Employee Turnover	Pages 23 & 25
	401-2	Benefits provided to full-time employees that are not provided to Temporary or Part-time Employees	Pages 23-24
Stakeholders' Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Refer to SR 2019
	103-2	The management approach and its components	Refer to SR 2019
	103-3	Evaluation of the management approach	Refer to SR 2019
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Page 27 PDP shifted from OHSAS 18001 to ISO 45001: 2018 on Safety Compliance in 2021
	403-2	Hazard Identification, Risk Assessment and Incident Investigation	Refer to SR 2019
	403-3	Occupational Health Services	Page 27
	403-4	Worker Participation, Consultation and Communication on Occupational Health and Safety	Page 27
	403-5	Worker Training on Occupational Health and Safety	Page 26
	403-6	Promotion of Worker Health	Page 26
	403-7	Prevention & Mitigation of Occupational Health and Safety Impacts	Page 27
	403-9	Work-Related Injuries	Page 27
Anscor's Corporate Social Responsibility			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Page 35
	103-2	The management approach and its components	Page 35
	103-3	Evaluation of the management approach	Page 35
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 35-42

Contact us

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