COVER SHEET

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S. E. C. Registration Number

M	A	B	U	H	A	Y		H	O	L	D	I	N	G	S		C	O	R	P	.	

(Company's Full Name)

		3	5	T	H		F	L	O	O	R		R	U	F	I	N	O				

	P	A	C	I	F	I	C		T	O	W	E	R		A	Y	A	L	A		A	V	E	

						M	A	K	A	T	I		C	I	T	Y								

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

Mr. Delfin P. Angcao	8817 6791
Contact Person	Telephone Number

2021 ASM – DEFINITIVE INFORMATION STATEMENT

FORM TYPE

1	2	3	1

Month Day
Fiscal Year

0	5	0	5

Month Day
Annual Meeting

Secondary License Type, If Applicable

C	F	D

Dept. Requiring this Doc

N/A

Amended Articles Number / Section

Total No. of Stockholders | Domestic | Foreign

To be accomplished by SEC Personnel concerned

LGU

Cashier

S T A M P S

MABUHAY HOLDINGS CORPORATION

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
Tel No. 7750-2000 Fax No. 7751-0773

September 30, 2021

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of **MABUHAY HOLDINGS CORPORATION** (the "Corporation") will be held on November 26, 2021, Friday, at 2:00 p.m. through remote communication. The Chairman of the meeting shall call and preside the meeting in Metro Manila which is the place where the principal office of the Corporation is located. The meeting may be accessed at the link to be provided by the Corporation to all stockholders of record as of September 30, 2021 or their proxies who have registered to attend the meeting with the following agenda:

1. Call to order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the previous meeting of the stockholders
4. Management report and approval of the 2020 audited financial statements
5. Ratification of resolutions, contracts, and acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditors
8. Other matters
9. Adjournment

For purposes of the meeting, the stockholders of record as of September 30, 2021 shall be entitled to notice of, participation via remote communication, and voting *in* absentia at such meeting and any adjournment thereof.

You may vote *in absentia* or through proxy by submitting (i) the original signed and accomplished Proxy/Ballot form attached to this notice by mail, courier or manual delivery to the front desk of the Corporation's principal office at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223; or (ii) **a scanned copy thereof by email at the Corporation's email address at** admin@mabuhayholdingscorp.com. Deadline for submission of Proxy/Ballot is on or before 5:00 pm of November 16, 2021. Corporate stockholders should attach to the Proxy/Ballot a notarized Secretary's Certificate attesting to the authority of their representative to execute the Proxy/Ballot. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on November 19, 2021 at 2:00pm.

Successfully verified stockholders voting in absentia or by proxy will receive an email from the Corporation providing them the weblink to be able to access the live streaming of the meeting.

Electronic copies of the Notice of the Meeting, Definitive Information Statement, Management Report, SEC Form 17A, and other related documents in connection with the

annual meeting may be accessed through the Corporation's website at http://mabuhayholdingscorp.com/news/2021-Annual-Stockholders-Meeting-November-26-2021 and through the PSE Edge portal at https://edge.pse.com.ph/.

For any concerns, please reach us through admin@mabuhayholdingscorp.com.

For complete information on the Corporation's annual meeting, please visit http://mabuhayholdingscorp.com/news/2021-Annual-Stockholders-Meeting-November-26-2021.

DELFIN P. ANGCAO
Corporate Secretary

[For Individual Stockholder]

INSTRUCTIONS:

1. Material erasures or alterations shall not affect the validity of the Proxy/Ballot provided that the stockholder affixes his/her full signature beside such erasures or alterations. The initials of the said stockholder are not sufficient to validate the Proxy/Ballot unless the said initials are also the said stockholder's customary signature.

2. Please submit either (i) the original signed and accomplished Proxy/Ballot form by mail, courier or manual delivery to the front desk of the Corporation's principal office at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223; or (ii) a scanned copy thereof by email at the Corporation's email address at mabuhayholdings@yahoo.com. Deadline for the submission of Proxy/Ballot is on or before 5:00 pm of November 16, 2021.

PROXY/BALLOT FORM

MABUHAY HOLDINGS CORPORATION

[PLEASE CHECK OR MARK THE APPROPRIATE BOX BELOW]

VOTING IN ABSENTIA:	VOTING BY PROXY:
The undersigned hereby votes as indicated below.	The Undersigned hereby appoints the Chairman of the Board of Directors of **MABUHAY HOLDINGS CORPORATION** (the "Corporation"), or in his absence, the President of the Corporation to act for me/us and on my/our behalf at the **MABUHAY HOLDINGS CORPORATION** Annual Stockholders' Meeting to be held on November 26, 2021 (and as may be rescheduled and/or adjourned) and to vote for me/us as indicated below, or, if no such indication is given, as my/our proxy thinks fit:

		Please check or mark the appropriate box		
	RESOLUTION	***FOR***	***AGAINST***	***ABSTAIN***
1	Approval/ratification of the minutes of the previous meeting of the stockholders			
2	Approval the management report and the 2020 audited financial statements			

3	Ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date			
4	Appointment of Independent Auditor (Isla Lipana & Co.)			
5	Election of Directors for the term 2021-2022. (**Note**: If you want to vote by cumulative voting, kindly also indicate opposite the name of the nominee director/s that you are voting FOR, the number of votes that you want to give such nominee director/s, 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).			
	1. Roberto V. San Jose Director			
	2. Esteban G. Peña Sy Director			
	3. Ana Maria Katigbak-Lim Director			
	4. Andrew Charles Ferguson Director			
	5. Rodolfo D. Santiago (Independent Director)			
	6. Rodrigo B. Supeña (Independent Director)			
	7. Steven Gamboa Virata (Independent Director)			

IN CASE THIS PROXY/BALLOT IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- FOR the approval of the minutes of previous meeting of the stockholders;
- FOR the approval of the management report for 2020 audited financial statements;
- FOR the confirmation and ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date;
- FOR the election of the following directors for the term 2021-2022:

1. Roberto V. San Jose (Director)
2. Esteban G. Peña Sy (Director)
3. Ana Maria Katigbak-Lim (Director)
4. Andrew Charles Ferguson (Director)
5. Rodolfo D. Santiago (Independent Director)
6. Rodrigo B. Supeña (Independent Director)
7. Steven Gamboa Virata (Independent Director)

- FOR the approval of the appointment of Isla Lipana & Co. (PricewaterhouseCoopers-Philippines) as the Corporation's external auditors; and

- TO authorize the Proxy to vote according to the Proxy's discretion on any matter that may come before the meeting

A Proxy/Ballot that is returned without a signature shall not be valid.

VALIDATION OF PROXIES
Validation of proxies shall be on November 19, 2021 at 2:00 pm at the principal office of the Corporation.

REVOCATION OF PROXIES:
A stockholder giving a proxy has the power to revoke it at any time before the validation of proxies on November 19, 2021 at 2:00 pm by submitting either (i) the original signed letter of revocation by mail, courier or manual delivery to the front desk of the Corporation's principal office at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223**;** or (ii) a scanned copy thereof by email at the Club's email address atmabuhayholdings@yahoo.com.

_____ _____

Date (Signature above printed name of Stockholder)

[For Corporate Stockholder]

INSTRUCTIONS:

1. This Proxy/Ballot form must be accompanied by a notarized Secretary's Certificate of the company's Board Resolution appointing and authorizing its representative to accomplish this Proxy/Ballot form.

2. Material erasures or alterations shall not affect the validity of the Proxy/Ballot provided that the person authorized to accomplish this Proxy/Ballot form affixes his/her full signature beside such erasures or alterations. The initials of the said authorized person are not sufficient to validate the Proxy/Ballot, unless the said initials are also the said person's customary signature.

3. Please submit either (i) the original signed and accomplished Proxy/Ballot form by mail, courier or manual delivery **to the front desk of the Corporation's principal office at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223**; or (ii) a scanned copy thereof by email at the Corporation's email address at **mabuhayholdings@yahoo.com**. Deadline for the submission of Proxy/Ballot is on or before 5:00 pm of November 16, 2021.

PROXY/BALLOT FORM

MABUHAY HOLDINGS CORPORATION

[PLEASE CHECK OR MARK THE APPROPRIATE BOX BELOW]

VOTING IN ABSENTIA:	VOTING BY PROXY:
The undersigned hereby votes as indicated below.	The Undersigned hereby appoints the Chairman of the Board of Directors of **MABUHAY HOLDINGS CORPORATION** (the "Corporation"), or in his absence, the President of the Corporation to act for me/us and on my/our behalf at the **MABUHAY HOLDINGS CORPORATION** Annual Stockholders' Meeting to be held on November 26, 2021 (and as may be rescheduled and/or adjourned) and to vote for me/us as indicated below, or, if no such indication is given, as my/our proxy thinks fit:

		Please check or mark the appropriate box		
	RESOLUTION	***FOR***	***AGAINST***	***ABSTAIN***
1	Approval/ratification of the minutes of the previous meeting of the stockholders			
2	Approval the management report and the 2020 audited financial statements			
3	Ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date			
4	Appointment of Independent Auditor (Isla Lipana & Co.)			
5	Election of Directors for the term 2021-2022. (**Note**: If you want to vote by cumulative voting, kindly also indicate opposite the name of the nominee director/s that you are voting FOR, the number of votes that you want to give such nominee director/s, 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).			
	1. Roberto V. San Jose Director			
	2. Esteban G. Peña Sy Director			
	3. Ana Maria Katigbak-Lim Director			
	4. Andrew Charles Ferguson Director			
	5. Rodolfo D. Santiago (Independent Director)			
	6. Rodrigo B. Supeña (Independent Director)			
	7. Steven Gamboa Virata (Independent Director)			

IN CASE THIS PROXY/BALLOT IS SIGNED AND RETURNED IN BLANK

If no instructions are indicated on a returned and duly signed proxy, the shares represented by the proxy will be voted:

- FOR the approval of the minutes of previous meeting of the stockholders;
- FOR the approval of the management report for 2020 audited financial statements;
- FOR the confirmation and ratification of all acts of the Board of Directors and Management from the last stockholders' meeting to date;
- FOR the election of the following directors for the term 2021-2022:

8. Roberto V. San Jose (Director)
9. Esteban G. Peña Sy (Director)
10. Ana Maria Katigbak-Lim (Director)
11. Andrew Charles Ferguson (Director)

12. Rodolfo D. Santiago (Independent Director)
13. Rodrigo B. Supeña (Independent Director)
14. Steven Gamboa Virata (Independent Director)

- FOR the approval of the appointment of Isla Lipana & Co. (PricewaterhouseCoopers-Philippines) as the Corporation's external auditors; and
- To authorize the Proxy to vote according to the Proxy's discretion on any matter that may come before the meeting

A Proxy/Ballot that is returned without a signature shall not be valid.

VALIDATION OF PROXIES

Validation of proxies shall be on November 19, 2021 at 2:00 pm at the principal office of the Corporation.

REVOCATION OF PROXIES:

A stockholder giving a proxy has the power to revoke it at any time before the validation of proxies on November 19, 2021 at 2:00 pm by submitting either (i) the original signed letter of revocation by mail, courier or manual delivery to the front desk of the Corporation's principal office at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223**;** or (ii) a scanned copy thereof by email at the Club's email address atmabuhayholdings@yahoo.com.

_____
(Printed Name of Corporate Stockholder)
By:

_____
Signature over Printed name of
Authorized Representative

_____

_____
Address

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 Registrant as specified in its charter: **MABUHAY HOLDINGS CORPORATION**

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

4. SEC Identification Number **150014**

5. BIR Tax Identification Code **000-473-206-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** **1223**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 7750-2000**

8. **November 26, 2021, Friday, at 2:00 p.m., Makati City via remote communication**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **November 5, 2021**

10. In case of Proxy Solicitations: **Not Applicable**

    Name of Person Filing the
    Statement/Solicitor:_____
    Address and Telephone No.:
    _____

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock
COMMON STOCK	**1,200,000,000 shares**

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

    Yes ✓ No _____

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

    PHILIPPINE STOCK EXCHANGE - COMMON SHARES OF STOCK

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, Time and Place of Meeting of Security Holders**

The annual stockholders' meeting of Mabuhay Holdings Corporation (the "Registrant" or the "Company") shall be on November 26, 2021, Friday, at 2:00 p.m. via remote communication. The Chairman will call and preside the meeting in Metro Manila which is the place where the principal office of the Company is located.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on November 3, 2021.

Item 2. **Dissenters' Right of Appraisal**

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence: (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting of the Company which may give rise to a possible exercise by security shareholders of their appraisal rights under the provisions of the Revised Corporation Code of the Philippines.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No person who is or has been a director or officer of the Registrant, or a nominee for election as director, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting other than election to office.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Registrant has one class of shares, subscribed and outstanding as of September 30, 2021, the Record Date:

Common shares - 1,200,000,000

Of the said subscribed and outstanding shares, 427,653,110 shares or 35.64% are owned by foreigners, while 772,346,890 shares or 64.36% are owned by Philippine nationals.

(b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock. Provided, however, that in the case of election of directors, every stockholder has the right to cumulate and cast his votes in accordance with Section 23 of the Revised Corporation Code of the Philippines. Section 23 of the Revised Corporation Code of the Philippines provides in part that a stockholder may vote such number of shares for as many persons as there are directors to be elected 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.

(c) The Record Date is on September 30, 2021. All stockholders of record as of September 30, 2021 are entitled to notice of, participate in via remote communication, and to vote *in absentia* at the Annual Stockholders' Meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of September 30, 2021:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation* 37/F The Enterprise Center, 6767 Ayala Avenue, Makati City	B.A. Securities, Inc.*	Filipino	259,931,088	21.66%

Common	Prokey Investment Ltd.** c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy**	Filipino	351,289,763	29.27%
Common	PCD Nominee Corporation* G/F MSE Building 6767Ayala Avenue, Makati City	B.A. Securities, Inc.*	Foreign	426,640,009	35.55%
Common	Guoco Securities (Phils.), Inc.	Guoco Securities (Phils.) Inc.***	Filipino	123,192,131	10.27%
TOTAL				1,161,052,991	96.75%

* B.A. Securities, Inc. is the only participant under the PCD that owns 5% or more of the Company's voting stock. Mr. Esteban G. Peña Sy, President of Registrant, will vote for the shares in the name of B.A. Securities, Inc. in the forthcoming annual stockholders' meeting.

** Prokey Investment Ltd. (Prokey) is a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the SEC on March 15, 2010 to operate a Representative Office in the Philippines. Mr. Esteban Peña Sy, President of the Registrant and the owner of Prokey will exercise his right to vote for these shares.

*** Registrant is not yet aware of the identity of the proxy for the shares in the name of Guoco Securities Phils. Inc. entitled to vote in the forthcoming annual stockholders' meeting. The identity of its proxy will be known only upon its submission, if any, of its proxy instrument.

(2) Security Ownership of Management.

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of September 30, 2021:

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership			Citizenship	Percent of Ownership
		Shares	Amount	Nature		
Common	Roberto V. San Jose Director/Chairman of the Board	600	₱600	Direct	Filipino	0

Common	Esteban G. Peña Sy Director/President	353,299,813	353,299,813	Direct & Indirect	Filipino	29.44
Common	Delfin P. Angcao Corp. Secretary	641	641	Direct	Filipino	0
Common	Rodrigo B. Supeña Director	50	50	Direct	Filipino	0
Common	Steven G. Virata Director	100	100	Direct	Filipino	0
Common	Rodolfo D. Santiago Director	50	50	Direct	Filipino	0
Common	Gloria Georgia G. Garcia SVP/Treasurer and CFO	50	50	Direct	Filipino	0
Common	Ana Maria A. Katigbak-Lim Director/Asst. Corp. Secretary	50	50	Direct	Filipino	0
Common	Andrew Charles Ferguson Director	1	1	Direct	British	0
TOTAL		353,301,355	353,301,355			29.44

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. **Directors and Executive Officers**

(a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Atty. Roberto V. San Jose, Director, Chairman of the Board - He was elected Chairman of the Board in 2003 and has been a member of the Board of Directors as early as 1991. He is a

consultant of the Castillo Laman Tan Pantaleon & San Jose Law Offices and a Director or Officer of the following companies: Anglo Philippine Holdings Corporation, Alsons Consolidated Resources Corporation, Philweb Corporation, CP Group of Companies, Carlos Palanca Foundation, Inc., MAA Consultants, Inc., Solid Group Inc., United Paragon Mining Corporation, The Metropolitan Club, Inc. and various client corporations of their law firm. Attorney San Jose, a Filipino, is 79 years old.

Esteban G. Peña Sy, Director and President - He was elected as Director and President on Nov. 1, 2006 and has served as such for more than ten years now**.** He graduated from the University of the Philippines in 1968 with the degree of A.B. Economics and completed the Program for Management Development at Harvard Business School in 1982. He was the Managing Director of Pan Asian Management Ltd. And AI Financial Services Ltd., which are management and investment consultancy firms based in Hongkong, and Pan Asian Oasis Telecom Ltd. that operates joint venture factories engaged in the manufacture of communication and fiber optic cables in China. His previous work experience includes the following: Asst. Secretary General of the Federation of Filipino-Chinese Chambers of Commerce and Industry from 1971 - 1979 and Executive Director from 1980-1986; various positions in the Ayala Group of Companies from 1979-1984. Mr. Peña Sy, a Filipino citizen, is 73 years old.

Atty. Delfin P. Angcao, Corporate Secretary - Atty. Delfin Angcao holds the position since 1995. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a junior associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was a former associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His other business experience in the last 5 years are as follows: director and/or Corporate/Asst. Corporate Secretary of various client corporations of CLTPSJ namely: United Paragon Mining Corporation, The Manila Southwoods Golf & Country Club, Inc., and Golden Valley Exploration Corporation. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants. Attorney Angcao, a Filipino, is 63 years old.

Atty. Ana Maria Katigbak, Director and Assistant Corporate Secretary – She holds the position of Assistant Corporate Secretary since 1999. She held the position of a director for seven years, or from 1999 to October 31, 2006, and then from June 27, 2007 up to the present. A member of the Integrated Bar of the Philippines and a graduate of Bachelor of Laws and Bachelor of Arts in Comparative Literature (Cum Laude) at the University of the Philippines, she is currently a partner at the Castillo Laman Tan Pantaleon San Jose Law Offices. Her other business experience in the last 5 years are as follows: assistant corporate secretary of publicly-listed companies and registered membership clubs such as: Boulevard Holdings, Inc., Premier Entertainment Productions, Inc., Solid Group, Inc., The Metropolitan Club, Inc., AJO.net Holdings, Inc. and PhilWeb.Corporation. She is also a lecturer at the Thames International Business School, Philippine Campus. Atty. Katigbak, a Filipino, is 52 years old.

Andrew Charles Ferguson, Director - Mr. Ferguson, 48 years old, British citizen, was elected Director on August 2, 2021. He holds a Bachelor of Science Degree in Natural Resource Development. Mr. Ferguson worked as a mining engineer in Western Australia in the mid 1990's. In 2003, Mr. Ferguson co-founded New City Investment Managers in the United Kingdom. He has a proven track record in fund management and was the former co-fund manager of City Natural Resources High Yield Trust, which was awarded "Best UK Investment Trust" in 2006. In addition, he managed New City High Yield Trust Ltd. and Geiger Counter Ltd. He worked for New City Investment Managers CQS Hong Kong, a financial institution providing investment management services to a variety of investors. He has 26 years of experience in the finance industry specializing in global natural resources. Being a fund manager for assets in London and Hong Kong, he was responsible for day to day

management of portfolios, risk management, business development, relationship management and working with independent boards, custodians and auditors to ensure that all shareholders' funds were managed properly. Mr. Ferguson is currently an Executive Director and the Chief Executive Officer of APAC Resources Limited (Stock Code: 1104), a company listed on the main board of The Stock Exchange of Hong Kong Limited, and an alternate director in Mount Gibson Iron Limited (Stock Code: MGX), a company listed on the Australian Securities Exchange.

Rodrigo B. Supeña, Independent Director - Mr. Rodrigo B. Supeña has been elected as Independent Director of the Company since March 31, 2009, and has served as such for more than two years now . Mr. Supeña, a seasoned banker who previously held various key positions in Land Bank of the Philippines and Bank of the Philippine Islands, is currently a Consultant of Land Bank of the Philippines and a Board Member of LBP Leasing Corporation. Mr. Supeña, a Filipino, is 81 years old.

Steven Gamboa Virata, Independent Director – Mr. Steven Virata joined the Company in 2001. A degree holder of B.S. Architecture from the University of the Philippines, he has more than 10 years experience in the aviation industry, marketing, architecture, graphic design and production, theater industry and farm management. His other business experiences in the last 5 years are as follows: currently, he is a Director of C. Virata and Associates, ATAR-IV, Inc., Chilco Holdings Inc., and V.L. Araneta Properties, Inc. He was elected last year and is nominated this year, as an independent director. Mr. Virata, a Filipino, is 63 years old.

Rodolfo D. Santiago, Independent Director - Retired Major General Rodolfo D. Santiago, Filipino, 61, is a graduate of the Philippine Military Academy, Class of 1982. He has more than 38 years of military service holding various positions in several specialized fields. He held command and staff positions of major importance in the fields of military communications, intelligence, civil military operations and infantry operations. He capped his military career as an educator serving as the 54th Commandant of the Armed Forces of the Philippines Command and General Staff College. He completed his 15-year intelligence career serving as a Commander of the Defense Intelligence and Security Group. His civil-military operations stint was topped by being designated as the Assistant Deputy Chief of Staff for Civil-Military Operations, J7 (AJ7). He also led the AFP in disaster response operations, training and education. He is currently serving as Chief Technology Officer of Dito Telecommunity Corporation and as a member of the Board of Advisers of the Tech Peace, Build Peace Movement. He works as an independent consultant of the Department of Education since January 2017 dealing largely with other stakeholders, disaster resiliency, peace education and schools in conflict areas. He is also a research consultant of Ateneo de Manila University on disaster resiliency since May 2017. Maj. Gen. Santiago served as an Independent Director of Philippine Infradev Holdings, Inc. from Aug. 17, 2017 to May 21, 2020.

Messrs. Rodrigo B. Supeña, Steven G. Virata and Rodolfo D. Santiago were elected as the Company's independent directors at the last annual stockholders' meeting held on November 5, 2020.

Gloria Georgia G. Garcia, Corporate Treasurer & Chief Financial Officer – A Certified Public Accountant and a member of the Philippine Institute of Certified Public Accountants, Ms. Garcia started her career with SGV & Co. Her work experience included more than three years as a junior auditor with the firm. Thereafter, she had few years in the recreation, gaming and hotel industries and more than twenty years in the real estate industry up to present. Ms. Garcia, a Filipino, is 51 years old.

All the directors and executive officers named above were elected to their positions for a term of one year and to serve as such until their successors are elected and qualified.

Mr. Anselm Wong resigned as director and in his place Mr. Andrew Charles Ferguson was elected as director on July 28, 2021. Apart from them, no other director of the Company has resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Except for the above-named directors and officers, the Registrant has no "significant employees" (as the term is defined under the SRC and its implementing rules and regulations).

(b) Independent Directors/Corporate Governance Committee

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Corporate Governance Committee which performs the functions of the erstwhile Nomination Committee has been created with the following as members:

1.	Steven G. Virata	-	Chairman, Independent Director
2.	Rodrigo B. Supeña	-	Member, Independent Director
3.	Roberto V. San Jose	-	Member
1.	Andrew Charles Ferguson	-	Member
5.	Ana Maria A. Katigbak-Lim	-	Member

Under the Company's New Manual of Corporate Governance, the members of the Nomination Committee shall consist of at least three independent directors, one of whom shall be the Chairman thereof. The Corporate Governance Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in the said SEC Memo Circular and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of Mabuhay Holdings Corporation for the term 2021-2022 based on nominations received and pre-screened by the Nomination Committee:

Name of Candidate	Nominated By
Mr. Rodrigo B. Supeña	Mr. Esteban G. Peña Sy
Mr. Steven G. Virata	Mr. Esteban G. Peña Sy
Gen. Rodolfo D. Santiago	Mr. Esteban G. Peña Sy

Mr. Peña Sy, presently a stockholder and the incumbent President of Mabuhay Holdings Corporation, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the company submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be in accordance with SEC Memorandum Circular No. 9, Series of 2011, which became effective beginning January 2, 2012. The term limits of the

independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

The stockholders and the board of directors of the Company have on May 20, 2008 duly approved to amend the Company's By-Laws by inserting a new provision therein relating to the procedure on nomination and election of independent directors as required under SRC Rule 38 of the Implementing Rules and Regulations of the Securities Regulations Code.

(c) Significant Employees

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships

No director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

(f) Certain Relationship and Related Transactions

During the last two (2) years, there had been no transaction or proposed transaction between the Registrant, on one hand, and its directors, nominees as director, record or beneficial shareholders, management, or members of their immediate family, on the other.

There are no related party transactions other than those presented in Note 17 of the Notes to the Consolidated Financial Statements as of December 31, 2020, a copy of which is hereto attached.

No other transaction was undertaken by the Company in which any Director or Executive Officer was involved or had a direct or indirect material interest.

Item 6. **Compensation of Directors and Executive Officers**

(a) Summary Compensation Table

The annual compensation of the Company's President and three most highly compensated executive officers for the last two (2) fiscal years and the estimate for the ensuing year 2021 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Roberto V. San Jose	Chairman of the Board				
Esteban G. Peña Sy	President				
Delfin P. Angcao	Corporate Secretary				
Gloria Georgia G. Garcia	Treasurer				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2021 (estimated)	P4.8 million	None	None
		2020	P4.8 million	None	None
		2019	P4.8 million	None	None

Each director receives a per diem of P5,000.00 for each board meeting attended.

(b) Compensation of Directors

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Executive officers employed by the Registrant, receiving fixed monthly salary (*see table above*) are Mr. Esteban G. Peña Sy and Ms. Gloria Georgia G. Garcia.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

(d) Warrants and Options Outstanding

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 7. **Independent Public Accountants**

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on November 5, 2020. The name of Isla, Lipana & Co.'s partner-in-charge for the ensuing year will be known on or before its re-appointment during the stockholders' meeting. The engagement partner for the year 2021 is Ms. Imelda Ronnie de-Guzman–Castro.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual

stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

(a) Audit and Audit-Related Fees

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.08M for the last two (2) calendar years ending December 31, 2020 and 2019. The Company is in compliance with SRC Rule 68, Paragraph 3(b)(ix) which requires the rotation of external auditors or their signing partners, including the 2-year cooling off period requirement in case of their re-engagement.

There are no other fees billed for the last two (2) years for assurance and related services rendered by the external auditors.

(b) Tax Fees

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2020 and 2019. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

Tax consultancy services are secured from entities other than the external auditors.

(c) All Other Fees

There were no other fees billed for the last two (2) years for other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, SVP/Treasurer and CFO and the Audit & Related Party Transactions Committee recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit & Related Party Transactions Committee of the Company are as follows:

Rodrigo B. Supeña	-	Chairman (Independent Director)
Steven G. Virata	-	Member (Independent Director)
Rodolfo D. Santiago	-	Member (Independent Director)
Ana Maria Katigbak-Lim	-	Member
Gloria Georgia G. Garcia	-	Non-voting Member

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

Summary of Items to be Submitted for Stockholders' Approval

(a) Approval of the minutes of the 2020 annual stockholders' meeting
(b) Approval of annual report of management and 2020 financial statements

Approval of the minutes of the 2020 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2020 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the minutes of the 2019 annual meeting; (b) approval of the 2019 management report and annual financial statements; (c) ratification of corporate acts; (d) election of directors; and (e) appointment of external auditors. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the annual report of management and 2020 financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Among the acts and resolutions of the board and management for which ratification by the stockholders will be sought are the following: (a) election of the officers and corporate governance committee members for the term 2020-2021; (b) resignation of a director and an officer (which was not due to any disagreement with the Company) and election of their replacements; and (c) setting the date of the 2021 annual stockholders' meeting and its record date.

Description of Voting and Voting Tabulation Procedures used in the 2020 annual meeting

Stockholders of record were allowed to vote by proxy or in absentia through the link provided by the Corporation for the 2020 annual stockholders' meeting. Stock Transfer Services, Inc. (STSI), the Corporation's stock transfer agent, acted as the board of canvassers for the annual meeting. They had access to the submitted proxies and the online voting portal of the Corporation, and based on the votes submitted, STSI was able to prepare the official tabulation of votes.

Description of opportunity given to stockholders to ask questions

The stockholders were encouraged to submit their questions before and during the November 5, 2021 annual stockholders' meeting. No questions or comments were raised by the Stockholders during the meeting.

Matters Discussed and Resolutions Reached and Record of Voting Results

Below is a summary of the tabulation of votes as confirmed by STSI:

2020 ASM Agenda Items	**For**	**Against**	**Abstain**
1. Approval of Minutes of the Previous Meeting of the Stockholders on September 24, 2019	836,939,855	0	0
2. Management Report and Approval of the 2019 Audited Financial Statements	836,939,855	0	0
3. Ratification of Resolutions, Contracts, Acts of the Board of Directors and Management	836,939,855	0	0
4. Election of Directors			
Nominees for Regular Directors			
a) Roberto V. San Jose	836,939,855	0	0
b) Esteban G. Peña Sy	836,939,855	0	0
c) Anselm Wong	836,939,855	0	0

d) Ana Maria A. Katigbak-Lim	836,939,855	0	0
Nominees for Independent Directors			
a) Rodrigo B. Supeña	836,939,855	0	0
b) Steven G. Virata	836,939,855	0	0
c) Rodolfo D. Santiago	836,939,855	0	0
5. Appointment of External Auditors	836,939,855	0	0

List of Directors, Officers, Stockholders and Other Related Attendees who attended the 2020 Annual Stockholders Meeting

The following Directors were present:

1. Roberto V. San Jose
2. Esteban G. Peña Sy
3. Anselm Wong
4. Ana Maria A. Katigbak-Lim
5. Rodrigo B. Supeña
6. Steven G. Virata

The following Officers of the Company were present:

1. Delfin P. Angcao
2. Gloria Georgia G. Garcia

The following shareholders were represented as follows:

Stockholders Participating in Absentia	
Roberto V. San Jose	600
Esteban G.Peña Sy	50
Steven G.Virata	100
Rodrigo B. Supeña	50
Ana Maria A. Katigbak-Lim	50
Anselm Wong	50
Total	**900**
Stockholders Represented by Proxy	
B.A. Securities Inc.	421,927,106
Prokey Investments Ltd.	351,289,763
Value Quest Securities Corp.	47,645,000
Mindanao Appreciation Corp.	10,183,000
COL Financial Group, Inc.	3,009,995
Triton Securities Corporation	2,437,000
South China Holdings Corp.	432,000

The Taal Co. Inc.	14,400
Delfin P. Angcao	641
Gloria Georgia G. Garcia	50
Total	**836,938,955**

Total No. of Shares Issued and Outstanding	**1,200,000,000**
Stockholders Participating in Absentia (as of October 26, 2020)	**900**
Stockholders Represented by Proxy	**836,938,955**
Total No. of Shares Participating in Absentia & Represented by Proxy	**836,939,855**
Total Percentage of Shares Participating in Absentia & Represented by Proxy	**69.74%**

Other attendees:

Isla Lipana & Co. - External Auditor
Stock Transfer Services, Inc. - Stock Transfer Agent/Board of Canvasser

Material information on the current stockholders and their voting rights

As discussed previously, the following are the Stockholders owning more than 5% of the Registrant's shares of stocks as of September 30, 2021:

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	PCD Nominee Corporation 37/F The Enterprise Center, 6767 Ayala Avenue, Makati City	B.A. Securities, Inc.	Filipino	259,931,088	21.66%
Common	Prokey Investment Ltd. c/o Mabuhay Holdings Corporation: 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223	Esteban G. Peña Sy	Filipino	351,289,763	29.27%

Common	PCD Nominee Corporation G/F MSE Building 6767Ayala Avenue, Makati City	B.A. Securities, Inc.	Foreign	426,640,009	35.55%
Common	Guoco Securities (Phils.), Inc.	Guoco Securities (Phils.) Inc.	Filipino	123,192,131	10.27%
TOTAL				1,161,052,991	96.75%

Prokey Investment Ltd. (Prokey), an investment holding company, is a 100% Filipino-owned company registered in the British Virgin Islands and licensed by the SEC on March 15, 2010 to operate a Representative Office in the Philippines. Mr. Esteban Peña Sy, President of the Registrant is the owner of Prokey. Prokey holds 29.27% of the shares of the registrant while the remaining 70% is owned by various individuals and corporations.

Appraisals and performance report for the Board and Criteria and Procedure for Assessment

The Governance Committee oversees the annual performance evaluation of the Board, its board committees as well as the individual director's performance. The assessment criteria include the structure, efficiency and effectiveness of the Board as a body, the composition, organization and processes implemented within the different board committees and the knowledge, attendance and overall contribution of each member director to their respective board committees.

Directors Disclosures on self-dealing and related party transactions

The directors and officers of the Company did not have any dealing in the company's shares nor did they engage in any related party transactions during the year 2020.

Item 18. **Other Proposed Actions**

(a) Ratification of resolutions, contracts and acts of the board of directors and management
(b) Election of directors
(c) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included the election of officers, composition of corporate governance committees and appointment of external auditors as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange. The summary of the resolutions, contracts and acts to be ratified may be found in Annex "A" hereof.

Item 19. **Voting Procedures**

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum, unless the law provides otherwise. In the election of directors, however, the seven (7) nominees obtaining the highest number of votes in accordance with the provisions of the Corporation Code, shall be proclaimed the directors.

Casting of votes will be done *in absentia* or by proxy as described in the attached Notice of Meeting, votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED, THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A AND QUARTERLY REPORT FOR THE 2ND QUARTER OF 2021 IN SEC ORM 17-Q.

REQUESTS FOR HARD COPIES OF THE FOREGOING DOCUMENTS MAY BE SENT TO admin@mabuhayholdingscorp.com**.**

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on October 26, 2021.

MABUHAY HOLDINGS CORPORATION
Registrant

By:

DELFIN P. ANGCAO
Corporate Secretary

Annex A

List of Resolutions Passed

1. Authorization to transact with Fuji Xerox Philippines, Inc. for the leasing of printing/photocopying machine (January 15, 2021)
2. Authorization to transact with the Home Development Mutual Fund and appoint authorized representatives (January 15, 2021 and February 11, 2021)
3. Appointment of authorized filers for the SEC's Online Submission Tool (March 18, 2021)
4. Authorization to transact with the Bureau of Internal Revenue and appointing the person to process applications and issue certifications (July 12, 2021)
5. Resignation and Election of Director (August 2, 2021)

MABUHAY HOLDINGS CORPORATION

MANAGEMENT REPORT
Pursuant to SRC Rule 20 (4)

For the 2021 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2020 AND June 30, 2021 INTERIM FINANCIAL STATEMENTS

Registrant's audited consolidated financial statements for the fiscal year ended December 31, 2019 and interim financial statements for the period ended June 30, 2020 are attached.

B. INDEPENDENT PUBLIC ACCOUNTANTS

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on November 5, 2020. The engagement partner of Isla, Lipana & Co. for the year 2021 is Ms. Imelda Ronnie de Guzman-Castro.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

(a) Audit and Audit-Related Fees

The external auditors charged the Company and its subsidiaries an aggregate amount of P1.08M for the last two (2) calendar years ending December 31, 2020 and 2019. The Company is in compliance with SRC Rule 68, Paragraph 3(b)(ix) which requires the rotation of external auditors or their signing partners, including the 2 year cooling off period requirement in case of their re-engagement.

There are no other fees billed for the the last two (2) years for assurance and related services rendered by the external auditors.

(b) Tax Fees

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2020 and 2019. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

Tax consultancy services are secured from entities other than the external auditors.

(c) All Other Fees

There were no other fees billed for the last two (2) years for other professional services rendered by the external auditors.

(d) Company Policy on Appointment of Independent Auditor

The President, SVP/Treasurer and CFO and the Audit Committee recommend to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit Committee of the Company are as follows:

Rodrigo B. Supeña	-	Chairman (Independent Director)
Steven G. Virata	-	Member (Independent Director)
Rodolfo D. Santiago	-	Member (Independent Director)
Ana Maria Katigbak-Lim	-	Member
Gloria Georgia G. Garcia	-	Non-voting Member

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

On November 18, 2020, the Group entered into an agreement for the development of an affordable housing project. As at December 31, 2020, the project is still under development with expected completion by last quarter of 2021.

After the Group sold a significant part of its shareholdings in PIHI in 2018, it plans to concentrate on the acquisition of properties for rental purposes as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects with its foreign business partners. Among the Group's short-term and long-term plans are: (a) to acquire developed properties with the intention of converting the properties for lease operations; (b) to acquire properties for development and to convert these properties for leases; (c) to acquire properties for development of affordable housing units as part of its corporate social responsibility to contribute to the housing requirements of the country; (d) to continue to retain its substantial remaining shares of stocks in PIHI for appreciation and eventual cash flows from future dividend declarations; and (e) to continue to retain its investment properties for appreciation, and to plan for possible development of the prime properties.

The planned acquisitions of rental yielding properties and development of affordable housing units are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investments in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of Makati City Government.

The above plans will contribute to improve the results of operation of the Group in the following years.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Other than its gear towards opening projects on affordable housing, the Group does not anticipate other heavy requirement for working capital in 2021.

Impact of COVID-19 Pandemic

In March 2020, the Philippine Government declared a community quarantine in several areas that has resulted in significant disruptions in the local business operations and trading activities in the Philippine stock exchange. The Company has suspended its normal operations based on the quarantine guidelines. To-date, the Company has resumed operations at approved capacity in accordance with quarantine guidelines.

While the pandemic will have a negative impact on the Company, management is of the opinion that the Company's cash flows will continue to satisfy the Company's current working capital requirements.

THIRD QUARTER ENDED SEPTEMBER 30, 2021

Results of Financial Operations

January to September 2021 compared with January to September 2020

	Nine Months Ended September 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	697,076	66,631,742	(65,934,666)	(98.95%)
Expenses	60,468,343	33,229,082	27,239,261	81.97%
Finance Income (Cost)	1,050,521	2,436,425	(1,385,904)	(56.88%)
Net Income (loss)	(58,727,291)	17,529,721	(76,257,012)	(435.02%)

A comparative review of the Registrant's financial operations for the six-months period ended September 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P65.9 million or 99% mainly due to decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021. There is a new tenant for the two units and rental contract started only September 15, 2021. The investment properties are currently being appraised, hence, no fair value change has been recognized yet as of reporting date. Total expenses increased by P27.2 million or 82% mainly due to the unrealized loss on revaluation of securities of P47.45 million which contributed to the amount of loss. Total Finance Income decreased by P1.921 million or 72% mainly due to decrease in interest income on notes receivables as a result of final settlement. Interest income as of September 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P296K as compared to P239K foreign exchange loss in 2020.

Net loss before income taxes registered at P58.721 million for the first three quarters of 2021 and net loss after income tax provision amounted to P58.727 million.

July to September 2021 compared with July to September 2020

	Three Months Ended September 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	233,177	117,255,227	(117,022,050)	(99.80%)
Expenses	51,394,706	3,648,757	47,745,949	1,308.55%
Finance Income (Cost)	453,272	1,068,047	(614,775)	(57.56%)
Net Income (loss)	(50,710,537)	96,431,059	(147,141,596)	(152.59%)

A comparative review of the Registrant's financial operations for the three-months period ended September 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P117 million or 99.8% mainly due to: (1) decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021, a new tenant came in only in September 2021; (2) there are no unrealized gain on revaluation of securities during the three month period July to September; and (3) the investment properties are currently being appraised, hence, no fair value change has been recognized yet as of reporting date, as compared to a fair value gain of P60.635 million recognized in the same period of 2020. Total expenses increased by P47.746 million or 1308% mainly due to the unrealized loss on revaluation of securities. Total Finance Income is lower in 2021 by P615K. Interest income as of September 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P245K as compared to P144K foreign exchange loss in 2020.

Net loss before income taxes registered at P50.708 million and net loss after taxes amounted to P50.711 million for the quarter July to September 2021.

Financial Position

	September 30, 2021	**December 31, 2020**		
	(Unaudited)	**(Audited)**	**Increase (Decrease)**	**%**
Current Assets	445,736,415	495,310,647	(49,574,232)	(10.01%)
Non-current Assets	528,866,180	529,034,814	(168,634)	(0.03%)
Total Assets	974,602,595	1,024,345,461	(49,742,866)	(4.86%)
Current Liabilities	286,842,974	277,858,549	8,984,425	3.23%
Non-current Liabilities	161,399,804	161,399,804	-	0.00%
Equity	526,359,817	585,087,108	(58,727,291)	(10.04%)

Explanation to Accounts with Material Variance (September 2021 vs. December 2020)

Current Assets

Cash amounted to P180.765 million as of September 30, 2021 as compared to P212.752 million as of December 31, 2020, or a decrease of 15% or P31.99 million attributed mainly to cash used for working capital and for development of the affordable housing project.

Financial assets at fair value through profit or loss amounted to P203.875 million as of September 30, 2021 as compared to P251.620 million as of December 31, 2020, or a decrease of 19% or P47.74 million mainly due to recognition of unrealized loss on revaluation of securities as of end of September 2021.

Real estate held for sale amounted to P32.23 million as of September 30, 2021 as compared to P17.664 million as of December 31, 2020, or an increase of 82% or P14.566 million mainly attributed to the cost of accomplishment as of reporting period.

Other current assets amounted to P28.865 million as of September 30, 2021 as compared to P13.274 million as of December 31, 2020, or an increase of P15.59 million or 117% mainly due to prepayments and advances.

Non-Current Assets
Property and equipment, net amounted to P1.066 million as of September 30, 2021 as compared to P1.235 million as of December 31, 2020, or a decrease of 14% or P169k mainly due to acquisition of additional office equipment net of depreciation charges for the period.

Investment properties amounted to P527.800 million as of September 30, 2021 and December 31, 2020. There is no increase in appraised value recognized as of the reporting period. As of the report date, the properties are currently for appraisal by an independent appraiser for the year 2021. Two properties owned by affiliates Tagaytay Properties and Holdings Corp.(TPHC) and The Taal Co., Inc.(TTCI) were sold during the period. The initial downpayment of 20% of the total contract price were taken up as buyer's deposit as of reporting date. Upon completion of 25% payment of the total contract price, the sale will be recorded, hence, this account will decrease by the carrying amount of the assets sold. The balance on the contract price will be payable within two years covered by postdated checks.

Current Liabilities
Accounts payable and other current liabilities amounted to P21.507 million as of September 30, 2021 as compared to P12.542 million as of December 31, 2020, or an increase of 71% or P8.965 million mainly due to payments/remittances and buyer's deposit for the acquisition of properties of TPHC and TTCI.

Equity
Retained Earnings (Deficit) amounted to (P578.267 million) as of September 30, 2021 and (P523.341 million) as of December 31, 2020, or an increase in Deficit of P54.926 million attributed mainly to the net loss incurred by the Group for the first three quarters.

SECOND QUARTER ENDED JUNE 30, 2021

Results of Financial Operations

January to June 2021 compared with January to June 2020

	Six Months Ended June 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	463,899	3,309,109	(2,845,210)	(85.98%)
Expenses	9,073,637	83,512,919	(74,439,282)	(89.14%)
Finance Income (Cost)	597,249	1,368,378	(771,129)	(56.35%)

Net Income (loss)	(8,016,754)	(78,901,338)	70,884,584	(89.84%)

A comparative review of the Registrant's financial operations for the six-months period ended June 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P2.8 million or 86% mainly due to decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021. There are no new occupants as of June 30, 2021. Total expenses decreased by P74.4 million or 86% mainly due to the unrealized loss on revaluation of securities of P75.3 million recognized in 2020 which contributed to the amount of loss. Total Finance Income decreased by P0.771 million mainly due to decrease in interest income on notes receivables as a result of final settlement. Interest income as of June 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P52K as compared to P96K foreign exchange loss in 2020.

Net loss before income taxes registered at P8.012 million for the first two quarters of 2021 and net loss after income tax provision amounted to P8.017 million.

April to June 2021 compared with April to June 2020

	Three Months Ended June 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	9,569,961	26,304,313	(16,734,352)	(63.62%)
Expenses	3,524,806	2,842,689	682,117	24.00%
Finance Income (Cost)	249,581	167,174	82,407	49.29%
Net Income (loss)	6,294,461	23,602,469	(17,308,008)	(73.33%)

A comparative review of the Registrant's financial operations for the three-months period ended June 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P16.7 million or 64% mainly due to: (1) decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021, there are still no new occupants as of June 30, 2021; and, (2) decrease in unrealized gain on revaluation of securities during the three month period April to June from P24.951 million in 2020 to P9.461 million in 2021. Total expenses increased by P0.682 million or 24%. Total Finance Income is higher in 2021 by P82K. Interest income as of June 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P7K as compared to P127K foreign exchange loss in 2020.

Net income before and after income taxes registered at P6.294 million for the quarter April to June 2021.

There is no significant element of income that did not arise from the Registrant's continuing operations, neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Position

	June 30, 2021	**December 31, 2020**		
	(Unaudited)	**(Audited)**	**Increase (Decrease)**	**%**

Current Assets	486,391,896	495,310,647	(8,918,751)	(1.80%)
Non-current Assets	529,004,097	529,034,814	(30,717)	(0.01%)
Total Assets	1,015,395,993	1,024,345,461	(8,949,468)	(0.87%)
Current Liabilities	276,925,835	277,858,549	(932,714)	(0.34%)
Non-current Liabilities	161,399,804	161,399,804	-	0.00%
Equity	577,070,354	585,087,108	(8,016,754)	(1.37%)

Explanation to Accounts with Material Variance (June 2021 vs. December 2020)

Current Assets
Cash amounted to P184.311 million as of June 30, 2021 as compared to P212.752 million as of December 31, 2020, or a decrease of 13% or P28.44 million attributed mainly to cash used for working capital and for development of the affordable housing project.

Financial assets at fair value through profit or loss amounted to P251.327 million as of June 30, 2021 as compared to P251.620 million as of December 31, 2020, or a decrease of 0.12% or P0.293 million mainly due to recognition of unrealized loss on revaluation of securities as of end of June 2021.

Real estate held for sale amounted to P27.139 million as of June 30, 2021 as compared to P17.664 million as of December 31, 2020, or an increase of 54% or P9.474 million mainly attributed to the cost of accomplishment as of reporting period.

Other current assets amounted to P23.616 million as of June 30, 2021 as compared to P13.274 million as of December 31, 2020, or an increase of P10.341 million or 78% mainly due to prepayments and advances.

Non-Current Assets
Property and equipment, net amounted to P1.204 million as of June 30, 2021 as compared to P1.235 million as of December 31, 2020, or a decrease of 2% or P30.7k mainly due to acquisition of additional office equipment net of depreciation charges for the period.

Investment properties amounted to P527.800 million as of June 30, 2021 and December 31, 2020. There is no increase in appraised value recognized during the first two quarters of 2021.

Current Liabilities
Accounts payable and other current liabilities amounted to P11.608 million as of June 30, 2021 as compared to P12.542 million as of December 31, 2020, or a decrease of 7% or P0.935 million mainly due to payments/remittances.

Equity
Retained Earnings (Deficit) amounted to (P530.265 million) as of June 30, 2021 and (P523.341 million) as of December 31, 2020, or an increase in Deficit of P6.924 million attributed mainly to the net loss incurred by the Group for the first two quarters.

FIRST QUARTER ENDED MARCH 31, 2021

Results of Financial Operations

January to March 2021 compared with January to March 2020

	Three Months Ended March 31			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	355,362	1,955,842	(1,600,480)	(81.83%)
Expenses	15,010,606	105,621,276	(90,610,670)	(85.79%)
Finance Income (Cost)	347,668	1,201,204	(853,536)	(71.06%)
Net Income (loss)	(14,311,215)	(102,503,807)	88,192,592	(86.04%)

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P1.6 million or 82% mainly due to decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021. There are no new occupants as of March 31, 2021. Total expenses decreased by P90.6 million or 86% mainly due to the unrealized loss on revaluation of securities of P100.3 million recognized in 2020 which contributed to the amount of loss. Total Finance Income decreased by P0.853 million mainly due to decrease in interest income on notes receivables as a result of final settlement. Interest income as of March 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P44K as compared to P32K in 2020.

Net loss before income taxes registered at P14.308 million for the first quarter of 2021 and net loss after income tax provision amounted to P14.312 million.

There is no significant element of income that did not arise from the Registrant's continuing operations, neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Position

	March 31, 2021	**December 31, 2020**		
	(Unaudited)	**(Audited)**	**Increase (Decrease)**	**%**
Current Assets	481,249,752	495,310,647	(14,060,895)	(2.84%)
Non-current Assets	529,063,460	529,034,814	28,646	0.01%
Total Assets	1,010,312,861	1,024,345,461	(14,032,600)	(1.37%)
Current Liabilities	278,137,515	277,858,549	278,966	0.10%
Non-current Liabilities	161,399,804	161,399,804	0	0.00%
Equity	570,775,893	585,087,108	(14,311,215)	(2.45%)

Explanation to Accounts with Material Variance (March 2021 vs. December 2020)

Current Assets
Cash amounted to P190.722 million as of March 31, 2021 as compared to P212.752 million as of December 31, 2020, or a decrease of 10% or P22.03 million attributed mainly to cash used for working capital and for development of the affordable housing project acquired by the Group.

Financial assets at fair value through profit or loss amounted to P241.865 million as of March 31, 2021 as compared to P251.620 million as of December 31, 2020, or a decrease of 4% or P9.755 million mainly due to recognition of unrealized loss on revaluation of securities as of end of March 2021.

Real estate held for sale amounted to P21.010 million as of March 31, 2021 as compared to P17.664 million as of December 31, 2020, or an increase of 19% or P3.346 million mainly attributed to the cost of accomplishment as of reporting period.

Other current assets amounted to P27.652 million as of March 31, 2021 as compared to P13.274 million as of December 31, 2020, or an increase of P14.377 million or 108% mainly due to prepayments and advances given to contractor of housing project.

Non-Current Assets
Property and equipment, net amounted to P1.263 million as of March 31, 2021 as compared to P1.235 million as of December 31, 2020, or an increase of 2% or P28.6k mainly due to acquisition of additional office equipment net of depreciation charges for the first quarter.

Investment properties amounted to P527.800 million as of March 31, 2021 and December 31, 2020. There is no increase in appraised value recognized during the first quarter of 2021.

Current Liabilities
Accounts payable and other current liabilities amounted to P12.821 million as of March 31, 2021 as compared to P12.542 million as of December 31, 2020, or an increase of 2% or P0.279 million mainly due to accruals.

Equity
Retained Earnings (Deficit) amounted to (P534.343 million) as of March 31, 2021 and (P523.341 million) as of December 31, 2020, or an increase in Deficit of P11.002 million attributed mainly to the net loss incurred by the Group for the first quarter.

FULL FISCAL YEARS

YEAR 2020

Results of Financial Operations

January to December 2020 compared with January to December 2019

	Year Ended December 31			
	2020	**2019**	**Increase (Decrease)**	**%**
Income	96,617,927	80,207,974	16,409,953	20.46%
Expenses	17,219,566	258,203,451	(240,983,885)	(93.33%)
Finance Income (Cost)	2,840,264	23,134,083	(20,293,819)	(87.72%)

Net Income (Loss)	91,926,004	(205,019,129)	296,945,133	(144.84%)

A comparative review of the Registrant's financial operations for the period ended **December 31, 2020** vis-à-vis the same period last year showed the following:

Total revenues decreased by P16.4M or 20.46% mainly due to the unrealized gain on revaluation of financial assets at FVPL of P27.34M recognized in 2020 offset by decrease in other income from P5.4M in 2019 as compared to none in 2020. Total expenses decreased by P240.98M or 93.33% mainly due to the one-time effect of the unrealized loss on revaluation of financial assets at FVPL amounting to P171.42M in 2019 as compared to none in 2020 and the loss on write-off of receivables booked in 2019. Net finance income registered at P2.8M with no finance costs in 2020 as compared to P23.13M in 2019. Interest income decreased by P20.2M with no finance costs and increase in net foreign exchange loss of P103K.

Net income before income taxes registered at P82.24M for 2020 and net income for the year registered at P91.93M after income tax expense (benefit) provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Position

	December 31, 2020	December 31, 2019	Increase (Decrease)	%
Current Assets	495,310,647	473,087,346	22,223,301	4.70%
Non-current Assets	529,034,814	468,564,732	60,470,082	12.91%
Total Assets	1,024,345,461	941,652,078	82,693,383	8.78%
Current Liabilities	277,858,549	277,345,466	513,083	0.18%
Non-current Liabilities	161,399,804	171,145,508	(9,745,704)	(5.69%)
Equity	585,087,108	493,161,104	91,926,004	18.64%

Explanation to Accounts with Material Variance (December 2020 vs. December 2019)

Current Assets

Cash amounted to P212.751 million as of December 31, 2020 as compared to P181.600 million as of December 31, 2019 or an increase of P31.2M or 17.15% attributed mainly due to collection of notes receivables from PIHI net of cash used for working capital.

Financial assets at fair value through profit or loss amounted to P251.620 million as of December 31, 2020 as compared to P224.282 million as of December 31, 2019, or an increase of 12.19% or P27.3 million mainly due to recognition of unrealized gain on revaluation of securities as of end of December 2020.

Notes receivables amounted to P-0-as of December 31, 2020 as compared to P60 million as of December 31, 2019, or a 100% decrease mainly due to collection in full of the notes receivable. Please refer to discussion in Note 4 to the Consolidated Financial Statements.

Real estate held for sale amounting to P17.664 million as of December 31, 2020 is discussed further in Note 5 to the Consolidated Financial Statements.

Non-current Assets

Property and equipment, net amounted to P1.235 million as of December 31, 2020 as compared to P1.570 million as of December 31, 2019, or a decrease of 21.33% or P0.335 million mainly due to acquisition net of depreciation charges for the year.

Investment properties amounted to P527.800 million as of December 31, 2020 as compared to P466.995 million as of December 31, 2019, or an increase of P60.805 million or 13% mainly due to the recognition of gain on fair value as a result of the appraisal of the properties.

Current Liabilities

Accounts payable and other current liabilities amounted to P12.283 million as of December 31, 2020 as compared to P12.168 million as of December 31, 2019, or an increase of 0.95% or P0.116 million mainly due to accruals.

Non-current Liabilities

Deferred income tax liabilities, net amounted to P158.057 million as of December 31, 2020 as compared to P168.141 million as of December 31, 2019, or a decrease of P10.08 million or 5.997% due mainly to deferred tax benefits recognized for the year.

Equity

Retained Earnings (deficit) amounted to (P523.34 million) as of December 31, 2020 as compared to (P587.193) million) as of December 31, 2019, or a decrease of P63.852 million or 10.874% mainly due to the effect of net income attributable to shareholders of the Parent company recognized for the year.

YEAR 2019

Results of Financial Operations

January to December 2019 compared with January to December 2018

	Years Ended December 31			
	2019	**2018**	**Increase (Decrease)**	**%**
Income	80,207,974	94,389,874	(14,181,900)	(15.02%)
Expenses	258,203,451	525,218,138	(267,014,687)	(50.84%)
Finance Income (Cost)	23,134,083	(6,660,631)	29,794,714	(447.33%)
Net Income (Loss)	(205,019,129)	(460,376,246)	255,357,117	(55.47%)

A comparative review of the Registrant's financial operations for the period ended **December 31, 2019** vis-à-vis the same period last year showed the following:

Total income decreased by P14.2 million or 15.02% mainly due to other income which registered at P22 million in 2018 as compared to P5.4 million in 2019. Total expenses decreased by P267 million or 50.84% mainly due to the one-time effect of the loss on disposal of investment in an associate, Philippine Infradev Holdings, Inc. (formerly IRC Properties, Inc.) (PIHI) in 2018 offset by an increase in unrealized loss on revaluation of securities of P83.1 million in 2019. Net finance income registered at P23.1 million with no finance costs in 2019 as compared to P6.66 million in 2018. Interest income increased by P3.3 million offset by decrease in finance costs of P20.97 million in 2019 and decrease in net foreign exchange loss of P5.5 million.

Share in net earnings of IRC registered at P7.5 million for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8 million in 2017.

Net loss before income taxes registered at P154.86 million for 2019 and net loss for the year registered at P205.02 million after income tax provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Position

	As of December 31			
	2019	**2018**	**Increase (Decrease)**	**%**
Current Assets	473,087,346	700,729,103	(227,641,757)	(32.49%)
Non-current Assets	468,564,732	402,601,546	65,963,186	16.38%
Total Assets	941,652,078	1,103,330,649	(161,678,571)	(14.65%)
Current Liabilities	277,345,466	284,422,791	(7,077,325)	(2.49%)

Non-current Liabilities	171,145,508	120,727,625	50,417,883	41.76%
Equity	493,161,104	698,180,233	(205,019,129)	(29.36%)

Explanation to Accounts with Material Variance (December 2019 vs. December 2018)
Current Assets
Cash amounted to P181.6 million as of December 31, 2019 as compared to P193.312 million as of December 31, 2018, or a decrease of P11.7 million or 6.06% mainly due to additional investments in financial assets and used for working capital.

Financial assets at fair value through profit or loss amounted to P224.3 million as of December 31, 2019 as compared to P392.937 million as of December 31, 2018, or a decrease of P168.7 million or 43% mainly due to the decline in fair value of the Group's remaining investments in PIHI shares from P2.25/share in 2018 to P1.25/share in 2019.

Notes receivables amounted to P60 million as of December 31, 2019 as compared to P104.1 million as of December 31, 2018, or a decrease of P44.1 million or 42% mainly due to the amounts written-off after a final settlement agreement with PIHI as discussed in Note 4 to the Consolidated Financial Statements.

Non-Current Assets
Property and equipment, net amounted to P1.6 million as of December 31, 2019 as compared to P2.3 million as of December 31, 2018, or a decrease of P0.76 million or 33% mainly due to charges for depreciation.

Investment properties amounted to P466.995 million as of December 31, 2019 as compared to P400.27 million as of December 31, 2018, or an increase of P66.73 million or 17% due to gain on fair value as a result of the appraisal of the properties.

Current Liabilities
Borrowings amounted to P13.625 million as of December 31, 2019 and 2018. No movement in borrowings during the year.

Accounts payable and other current liabilities amounted to P12.254 million as of December 31, 2018 as compared to P42.290 million as of December 31, 2017, or a decrease of P23.04 million or 54.47% largely due to repayment of accrued interest on borrowings.

Non-Current Liabilities
Deferred income tax liabilities, net amounted to P118.846 million as of December 31, 2018 as compared to P89.210 million as of December 31, 2017, or an increase of P29.7 million or 33.2% due mainly to the tax effect of unrealized gain on fair value change in investment property.

Equity
Retained Earnings (Deficit) amounted to (P372.021 million) as of December 31, 2018 and P103.404 million as of December 31, 2017, or an increase in Deficit of P475.424 million attributed mainly to the net loss incurred by the company as a result of the reclassification of the disposal of the investment in an associate.

YEAR 2018

Results of Financial Operations

January to December 2018 compared with January to December 2017

	Years Ended December 31			
	2018	**2017**	**Increase (Decrease)**	**%**
Income	94,389,874	22,489,617	71,900,257	319.70%
Expenses	525,218,138	16,311,616	508,906,522	3,119.90%
Finance Income (Cost)	(6,660,631)	15,411,748	(22,072,379)	(143.22%)
Net Income (Loss)	(460,376,246)	23,549,961	(483,926,207)	(2,054.89%)

A comparative review of the Registrant's financial operations for the period ended **December 31, 2018** vis-à-vis the same period last year showed the following:

Total revenues increased by P71.9M or 319.7% mainly due to gains realized on the change in fair value of investment properties. Total expenses likewise increased by P508.9M or 3119.9% mainly due to the loss on disposal of investment in an associate Philippine Infradev Holdings, Inc. (formerly IRC Properties, Inc.) (PIHI) as a result of the sale of part of shareholdings in PIHI. Said sale decreased the Group's ownership interest to 11.4% as of December 31, 2018, hence, investments are reclassified to Financial Assets at Fair Value through Profit or Loss and accumulated share in net earnings of PIHI recognized in the books are derecognized. A net finance costs of P6.66M resulted in 2018 due to increase in finance cost by P11.02M, increase in net foreign exchange loss of P6.6M and decrease in finance income by P4.4M.

Share in net earnings of PIHI registered at P7.5M for the 1st quarter of 2018 prior to the disposal of part of shareholdings and P6.8M in 2017.

Net loss before income taxes registered at P429.97M for 2018 and net loss for the year registered at P460.38M after income tax provision.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Position

	December 31, 2018	**December 31, 2017**	**Increase (Decrease)**	**%**
Current Assets	700,729,103	206,292,818	494,436,285	239.68%
Non-current Assets	402,601,546	1,480,876,565	(1,078,275,019)	(72.81%)
Total Assets	1,103,330,649	1,687,169,383	(583,838,734)	(34.60%)
Current Liabilities	284,422,791	437,359,425	(152,936,634)	(34.97%)
Non-current Liabilities	120,727,625	91,253,479	29,474,146	32.30%
Equity	698,180,233	1,158,556,479	(460,376,246)	(39.74%)

Explanation to Accounts with Material Variance (December 2018 vs. December 2017)

Current Assets

Cash amounted to P193.312 million as of December 31, 2018 as compared to P5.621 million as of December 31, 2018 or an increase of P187.7M or 3339.4% mainly due to the proceeds from the sale of PIHI shares.

Financial assets at fair value through profit or loss amounted to P392.937 million as of December 31, 2018 as compared to P1.982 million as of December 31, 2018 or an increase of P390.95M or 19722.8% due to the reclassification of investments in shares of stocks of PIHI from investment in an associate to financial assets at fair value through profit or loss as a result of the sale of part of the Group's shareholdings in PIHI which decreased its ownership interest and the change in fair value of securities.

Notes and other receivables amounted to P111.801 million as of December 31, 2018 as compared to P196.022 million as of December 31, 2018 or a decrease of P84.22M or 42.96% mainly due to collection of notes and interest receivable from PIHI.

Investment in an associate amounted to zero as of December 31, 2018 as compared to P1143.853 million as of December 31, 2018 or a 100% decrease, discussed in details in Note 7 of the Notes to the Consolidated Financial Statements.

Non-current Assets
Property and equipment, net amounted to P2.331 million as of December 31, 2018 as compared to P1.329 million as of December 31, 2018 or an increase of P1.003M or 75.4% mainly due to acquisition offset by charges for depreciation.

Investment properties amounted to P400.270 million as of December 31, 2018 as compared to P335.608 million as of December 31, 2018 or an increase of P64.66M or 19.3% due to gain on fair value as a result of the appraisal of the properties.

Current Liabilities
Borrowings amounted to P13.625 million as of December 31, 2018 as compared to P135.054 million as of December 31, 2018 or a decrease of P121.4M or 89.9% due to payment of loans.

Accounts payable and other current liabilities amounted to P19.254 million as of December 31, 2018 as compared to P42.290 million as of December 31, 2018 or a decrease of P23.04M or 54.47% largely due to repayment of accrued interest on borrowings.

Non-current Liabilities
Deferred income tax liabilities, net amounted to P118.846 million as of December 31, 2018 as compared to P89.210 million as of December 31, 2018 or an increase of P29.636M or 33.22% due mainly to the tax effect of unrealized gain on fair value change in investment property.

Equity
Retained Earnings (Deficit) amounted to (P372.021 million) as of December 31, 2018 and P103.404 million as of December 31, 2017, or an increase in Deficit of P475.424 million attributed mainly to the net loss incurred by the company as a result of the reclassification of the disposal of the investment in an associate.

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Net Profit Ratio	-	Consolidated Net Income (Loss) / Total Revenues
Return on Assets	-	Net Income / Total Assets
Return on Equity	-	Net Income / Total Stockholders' Equity
Current Ratio	-	Current Assets / Current Liabilities
Acid Test	-	Cash on hand and in banks + Financial Assets at Fair Value+ Notes and other receivables / Current Liabilities
Debt to Equity	-	Total Liabilities / Total Equity
Debt to Assets	-	Total Liabilities / Total Assets
Asset to Equity	-	Total Assets / Total Equity
Interest Coverage	-	Net Income Before Tax and Interest Expense / Interest Expense
Earnings (Loss) Per Share	-	Net Income Attributable to Equity Holders of Parent Co. / Average number of Outstanding Common Shares

Below are the comparative key performance indicators of the Company and its subsidiaries:

(%)	**Sept. 30, 2021**	**Dec. 31, 2020***	**Dec. 31, 2019***	**Dec. 31, 2018***
Net Profit Ratio	-84.248	0.9514	-2.5561	-4.8774
Return on Assets	-0.0603	0.0897	-0.2177	-0.4173
Return on equity	-0.1116	0.1571	-0.4157	-0.6594
Current ratio	1.5539	1.7826	1.7058	2.4637
Acid test ratio	1.3409	1.7348	1.6960	2.4543
Debt to equity	0.8516	0.7508	0.9094	0.5803
Debt to assets	0.4599	0.4288	0.4763	0.3672
Asset to equity	1.8516	1.7508	1.9094	1.5803
Interest coverage	-	-	-	-19.5018
Earnings (loss) per share	-0.0563	0.0655	-0.2206	-0.4873

*****Audited

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex "C" of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

- ➢ The Registrant is not aware of any event 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 material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, created during the reporting period.

- ➢ No material commitments for capital expenditures had been contracted by the Registrant during the reporting period and subsequent thereof.

- ➢ There are no significant element of income or loss that did not arise from the Registrant's continuing operations.

- ➢ There are no seasonal factors that have materially affected the Financial Statements of the Registrant.

D. GENERAL NATURE AND SCOPE OF BUSINESS

Mabuhay Holdings Corporation (hereinafter "Registrant" or "MHC") was incorporated on April 6, 1988. It is a holding company principally engaged in the acquisition and disposition of investments in securities, stocks, real and personal properties, and of any kind of properties and of investments in other entities.

It was incorporated with an authorized capital of 200 million shares at a par value of P1 per share. It was listed at both the Makati and Manila stock exchanges in 1990. The Articles of Incorporation were amended in 1994 to increase the authorized capital to 4 billion shares at P1 par value per share. Currently, capital stock issued and subscribed total 1.2 billion shares, of which around P975 million have been paid out of the P1.2 billion subscriptions.

The Registrant currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. Its last annual stockholders' meeting was on November 5, 2020 and the next will be on November 26, 2021.

As of December 31, 2020, the Registrant holds directly or indirectly investments in several corporations. Two of these are wholly-owned subsidiaries while the rest are investees in which MHC has sizeable claims and interests. For the past five years, operating activities of the Registrant and its subsidiaries and affiliates have been kept to the minimum.

SUBSIDIARIES AND AFFILIATES

Major investees of the Registrant are the following:

1. T & M Holdings, Inc. (100%-owned by the Registrant)
T & M Holdings, Inc. (T&MHI) which was registered with the Commission on November 10, 1995, is a holding company engaged in investments in real properties, marketable securities and stocks of other companies, domestic or foreign.

2. M & M Holdings Corporation (M&MHC) (100%-owned by the Registrant)
Like T&MHI, M & M Holdings Corporation which was registered with the SEC on April 21, 1995, is a holding company engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stocks. Currently, M&MHC has no substantial property except for some advances to its parent company, and a minimal amount of cash.

3. Tagaytay Properties and Holdings Corporation (TPHC) (26.04%-owned by the Registrant)
A real estate company established and registered with the SEC on April 13, 1998**,** TPHC owns a high potential and strategically-located land in Tagaytay City. This property was supposed to be developed into a mixed commercial and residential subdivision but such plans were postponed indefinitely as a result of changes in the zoning laws of the city.

4. The Taal Company, Inc. (TTCI) (29.97%-owned by the Registrant)
The Taal Company, incorporated on August 29, 1990, is a real estate company with property holdings in several parts of the Batangas province.

5. The Angeles Corporation (TAC) (38.46%-owned by the Registrant)
The Angeles Corporation is an investment company incorporated on October 14, 1994. Most of its assets are invested in shares of the Prosperity Taxi Cab Corporation (PTCC), which the Company sold to a third party in 2009.

6. Mindanao Appreciation Corporation (MAC) (28.51%-owned by the Registrant)

Mindanao Appreciation Corporation is an investment company incorporated and registered with the SEC on November 21, 1991**.** Most of its assets are invested in shares of Mabuhay Holdings Corporation and The Taal Company, Inc.

FOREIGN SALES.

Not applicable

COMPETITIVE BUSINESS CONDITION/COMPETITIVE POSITION IN THE INDUSTRY.

The competitiveness of the Registrant, given the nature of its business, is defined by the diversity of its interests. Most of the Registrant's affiliates are concentrated in the real estate business. Tagaytay Properties & Holdings Corporation and The Taal Co., Inc. each hold an inventory of real properties in strategic locations such as Tagaytay City, Batangas and Cavite. The aggregate landholdings of the Registrant's investees easily run to 17.8 hectares, many of which are in prime locations.

DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant's business and concerns.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant's transactions with its subsidiaries and affiliates mainly consist of the granting of advances to/from them. The Registrant exercises control and management over its investees.

NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant's business and concerns.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant's business and concerns.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant's business and concerns.

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. As of September 30, 2021, the Registrant has 8 employees, all rendering administrative services. Of the Company's 8 employees, 5 render support services: 2 for accounting/bookkeeping work and 3 doing office services functions while the other 3 belong to the management and administration of the Company. There is no Collective Bargaining Agreement between the employees and the Registrant and there has been no strikes or threats of strike for the past five (5) years. Aside from the statutory benefits prescribed by the labor code, the Registrant's employees enjoy Company-sponsored health insurance.

E. DIRECTORS AND OFFICERS - Pls. refer to SEC Form 20- IS

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

Principal Market

The Registrant's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of four billion shares, 1.2 billion have been subscribed. As of December 31,

2020, MHC has received P195 million as deposits for future stock subscription. This has been presented as liability in the Registrant's Statement of Financial Position only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. It is the intention of Management to issue shares upon development of concrete plans on the improvement of the Company's operations.

Dividends

No dividend declarations were made during the two recent fiscal years of the Registrant. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity. For the year ended December 31, 2020, the Registrant may not be able to declare and pay dividends as shown in the reconciliation of Retained Earnings.

Common Equity

The shares of MHC traded along the following bands during 2021, 2020 and 2019:

	2021		**2020**		**2019**	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	0.79	0.43	0.64	0.27	0.64	0.55
Second Quarter	0.67	0.38	0.54	0.39	0.82	0.51
Third Quarter	0.58	0.42	0.60	0.43	0.77	0.55
Fourth Quarter			0.58	0.45	0.61	0.54

The listed price of MHC shares as of September 30, 2021 is P0.46 and P0.42 as of October 21, 2021.

Stockholders

Stockholders of record as at September 30, 2021 total to one hundred ninety five (195) in number, broken down as follows:

Citizen	**No. of shares**	**Percentage**	**No. of Holders**
Filipino	772,346,890	64.36%	183
American	908,000	0.08%	7
Chinese	105,050	0.01%	2
Malaysian	50	0.00%	1
Other Alien	426,640,010	35.55%	2
Total	**1,200,000,000**	**100.00%**	**195**

Top 20 Stockholders as at September 30, 2021 all holding Common Stock**:**

	Name of Stockholder	**No. of Shares Held**	**Percentage**

1.	PCD NOMINEE CORP. (NF)	426,640,009	35.55%
2.	PROKEY INVESTMENTS LTD.	351,289,763	29.27%
3.	PCD NOMINEE CORP. (F)	259,931,088	21.66%
4.	GUOCO SECURITIES (PHILS.), INC.	123,192,131	10.27%
5.	PAPA SECURITIES CORPORATION	13,550,000	1.13%
6.	MINDANAO APPRECIATION CORP.	10,183,000	0.85%
7.	AVESCO MARKETING	1,600,000	0.13%
8.	FOUR TREASURES DEVELOPMENT CORP.	1,200,000	0.10%
9.	PROSPERITY TAXI CAP CORP.	1,000,000	0.08%
10.	YAN, LUCIO W.	1,000,000	0.08%
11.	INTERNATIONAL POLYMER CORP.	900,000	0.08%
12.	CENTURY SPORTS PHILS., INC.	812,000	0.07%
13.	ZOSA, ROLANDO M.	800,000	0.07%
14.	UY, SAMSON	700,000	0.06%
15.	MENDOZA, ALBERTO &/OR JEANIE C. MENDOZA	650,000	0.05%
16.	SY, SILIMAN	546,000	0.05%
17.	SICKLING II, HERBERT WILLIAM	500,000	0.04%
18.	SOUTH CHINA HOLDINGS	432,000	0.04%
19.	DYHONGPO, CARLOS	330,000	0.03%
20.	DYHONGPO, VIVIAN	300,000	0.03%

There had been no sales of unregistered or exempt securities of the Registrant, or issuance of its securities constituting exempt transaction.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Registrant is adopting the SEC Corporate Governance Self Rating Form as a tool to evaluate the level of compliance with its Manual on Corporate Governance. In addition, the Compliance Officer reviews on a periodic basis the level of compliance of its directors, officers and employees with the leading practices and principles on good corporate governance as embodied in the Registrant's Manual and the rules and regulations that the SEC and PSE issue from time to time.

There are no material deviations on the New Manual on Corporate Governance of the Company. Also, there have been no violations of the provisions of the Registrant's New Manual on Corporate Governance and no director, officer or employee has been sanctioned by reason thereof.

The Company will regularly conduct a review of the New Manual on Corporate Governance and will adopt appropriate changes as may be required or necessary under the circumstances to improve the corporate governance of the Company.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

Mabuhay Holdings Corporation
35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Gloria Georgia G. Garcia

CERTIFICATION

I, **GLORIA GEORGIA G. GARCIA,** Filipino, of legal age, with office address as 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the Compliance Officer of **MABUHAY HOLDINGS CORPORATION** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines, with principal office address at 35th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this _____ at _____, Philippines.

GLORIA GEORGIA G. GARCIA
Compliance Officer

SUBSCRIBED AND SWORN to before me this OCT 11 2021 day of _____ at CITY OF MAKATI, affiant personally appeared before me and exhibited to me her Passport No. P8316836A issued at DFA NCR Northeast on 11 August 2018.

Doc. No. 231;
Page No. 48;
Book No. XXV;
Series of 2021.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No.VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
301 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RODRIGO B. SUPEÑA,** Filipino, of legal age and a resident of 1423B Tower D, Two Serendra, Mckinley Parkway, Bonifacio Global City, Taguig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **MABUHAY HOLDINGS CORPORATION** (the "Company") and have been its independent director since 2009.

2. I am NOT affiliated with any other companies or organizations [including Government-Owned and Controlled Corporations ("GOCC").

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done this day of , at .

RODRIGO B. SUPEÑA
Affiant

SUBSCRIBED AND SWORN to before me this day of OCT 11 2021

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No.VI-0024312
Appointment No. M-82-(2021-2022)
PTR No 6531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy.Pio Del Pilar, Makati City

Doc. No. 232
Page No. 48
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Series 2021

at

, affiant personally appeared before me and exhibited to me his Senior Citizen ID No. 1993631 issued at Makati City on July 2002.

Doc. No. ;

Page No. ;

Book No. ;

Series of 2021.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RODOLFO D. SANTIAGO,** Filipino, of legal age and a resident of 114 Oriole Drive, Victoria Valley Subdivision, Antipolo City, Rizal, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **MABUHAY HOLDINGS CORPORATION** (the "Company").

2. I am affiliated with the following companies or organizations [including Government-Owned and Controlled Corporations ("GOCC")]:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Dito Telecommunity Corp.	Chief Technology Officer	3 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of _____, at _____.

RODOLFO D. SANTIAGO
Affiant

SUBSCRIBED AND SWORN to before me this OCT 11 2021 day of

OCT 11 2021

_____ at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his _____ issued at _____ on _____.

Doc. No. 233;
Page No. 48;
Book No. XXV;
Series of 2021.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No.VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 48091
101 Urban Ave. Campos Rueda Bldg.
Brgy.Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **STEVEN G. VIRATA,** Filipino, of legal age and a resident of 308 Bougainvilla St., Alabang Village, Alabang, Muntinlupa City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of MABUHAY HOLDINGS CORPORATION (the "Company") and have been its independent director since 2001.

2. I am affiliated with the following companies or organizations [including Government-Owned and Controlled Corporations ("GOCC")]:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Segovia & Co.	Treasurer, Director	2014 to present
Intellicon, Inc.	Treasurer, Director	2014 to present
ATAR-IV, Inc.	President, Director	2021 to present
DXD Equestrian Specialist Inc.	President, Director	2015 to present
Chilco Holdings, Inc.	Director	2003 to present
V.L. Araneta Properties, Inc.	Director and EVP	2005 to present
RPMC Resources, Inc.	Treasurer, Director	2012 to present
FEATI University	Treasurer, Director	2013 to present
FBT Asia Inc.	Director	2021 to present
BBB Philippines Inc.	President, Director	2021 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of _____, at _____.

STEVEN G. VIRATA
Affiant

SUBSCRIBED AND SWORN to before me this _____ day of OCT 13 2021 at _____ CITY OF MAKATI _____, affiant personally appeared before me and exhibited to me his/her _____ issued at _____ on _____.

Doc. No. 393;
Page No. 80;
Book No. XXV;
Series of 2021.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No.VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 48091
101 Urban Ave. Campos Rueda Bldg.
Brgy.Pio Del Pilar, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) ss

CERTIFICATION AND UNDERTAKING

I, **DELFIN P. ANGCAO,** Corporate Secretary of **Mabuhay Holdings Corporation,** (the "**Corporation**") with SEC registration number 0000150014 with principal office at35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, on oath state:

1) That on behalf of the Corporation, I have caused this SEC Form 20-IS (Information Statement) to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company the Corporation will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this OCT 15 2021 at Makati City.

DELFIN P. ANGCAO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Makati City, Metro Manila, this OCT 15 2021, affiant exhibiting to me his competent evidence of identify, Senior Citizens Identification No. 44196 issued on February 15, 2018 at San Pedro, Laguna.

Doc. No. 169;
Page No. 35;
Book No. XIX;
Series of 2021.

DAISY MARGARET V. DUCEPEC
NOTARY PUBLIC
ROLL NO. 70138
MAKATI CITY, PHILIPPINES

DAISY MARGARET V. DUCEPEC
Appointment No. M-29
Notary Public for Makati City
Until December 31, 2021
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 8533738; 01-04-2021; Makati City
IBP No. 141737; 01-04-2021; Makati Chapter
Roll No. 70138

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

COMPANY NAME

MABUHAY HOLDINGS CORPORATION

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

35TH FLOOR

RUFINO PACIFIC TOWER

6784 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if Applicable
AFS	SEC	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
mabuhayholdings@yahoo.com	7750-2000	0908 8941610

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)
196	**last Friday of April**	**December 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
GLORIA GEORGIA G. GARCIA	ggg.mhc@gmail.com	7750-2000	09088941610

CONTACT PERSON's ADDRESS

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, 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.

Note 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.

MABUHAY
HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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

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

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

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

Isla Lipana & Co., the independent auditors, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ROBERTO V. SAN JOSE
Chairman of the Board

ESTEBAN G. PENA SY
President

GLORIA GEORGIA G. GARCIA
Chief Financial Officer

Signed this 29th day of April 2021.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

SUBSCRIBED AND SWORN TO before me, a Notary Public, for and in Makati City, this APR 2 9 2021, 2021 affiants exhibiting to me their Passports, as follows:

Affiant	**Passport No.**	**Date of Issue**	**Place of Issue**
Roberto V. San Jose	P1329913A	Dec. 20, 2016	DFANCR South
Esteban G. Peña Sy	P8276657A	August 09, 2018	DFANCR Central
Gloria Georgia G. Garcia	P8316836A	August 01, 2018	DFANCRNorth East

Doc. No. 261

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Book No. XI

Series of 2021.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Extended Until June 30, 2021
Per B.M No 3795
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave., Campos Rueda Bldg.,
[illegible] Makati City

pwc

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited the consolidated financial statements of Mabuhay Holdings Corporation (Parent Company) and its Subsidiaries as at and for the year ended December 31, 2020, on which we have rendered the attached report dated April 29, 2021. The supplementary information shown in the Map of the Group of Companies within which the Reporting Entity Belongs and the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional components required by Rule 68 of the SRC, and Schedules A, B, C, D, E, F, and G, as required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 29, 2021

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Mabuhay Holdings Corporation (the "Parent Company") and its Subsidiaries (together, the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 29, 2021. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of 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 the operating performance defined by Philippine Financial Reporting Standards (PFRS) 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 consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 29, 2021

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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Isla Lipana & Co.

Independent Auditor's Report

To the Board of Directors and Shareholders of
Mabuhay Holdings Corporation
35th Floor, Rufino Pacific Tower
6784 Ayala Avenue
Makati City

Our Opinion

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

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2020;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2020;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Isla Lipana & Co. is the Philippine member firm of the PwC network. PwC refers to the Philippine member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audits in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.

Key audit matter identified in our audit is as follow:

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Estimation of fair value of investment properties Refer to Note 9 to the consolidated financial statements for the details of the investment properties and Note 25.1 for discussion on critical accounting estimates and assumptions. This is a key audit matter mainly due to the materiality of the account and volatility of the market in relation to the determination of the fair value of the investment properties. As at December 31, 2020, total investment properties, carried at fair value amounts to P527.80 million. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and Philippine Accounting Standards (PAS) 40, Investment Property. In 2020, the Group recognized a fair value gain amounting to P60.80 million. This is based on the report prepared by an independent appraiser engaged by the Group using the market approach. This approach uses sales and listing of comparable properties registered within the vicinity premised on the factors of time, unit area or size, unit location, unit improvements, building location, building features or amenities, bargaining allowance, and others.	We addressed the matter by obtaining the appraisal report prepared by third party experts and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value and assessed in accordance with PFRS 13 requirements. In particular, audit evidence over the reliability of the appraiser report was obtained through independent verification of certain fair value assumptions (i.e., similar market listing in the area) over the Group's properties. We evaluated competence, capabilities and objectivity of the independent appraiser by reviewing their profile, qualifications, client portfolio and business relationship with the Group. We also reviewed the accounting policy adopted by the Group's management on fair value measurement of investment properties in accordance with PFRS 13 and PAS 40.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but do 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 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 audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group 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 entity 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 Audits 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 PSA 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, these 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 PSA, 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 ability of each entity within the Group 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 an entity within 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.

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 Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements
T.I.N. 152-015-095
BIR A.N. 08-000745-44-2018; issued on October 19, 2018; effective until October 18, 2021
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 29, 2021

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Financial Position
December 31, 2020 and 2019
(All amounts in Philippine Peso)

	Notes	2020	2019
A S S E T S			
Current assets			
Cash	2	212,751,853	181,600,097
Financial assets at fair value through profit or loss (FVPL)	3	251,619,701	224,282,097
Notes receivable	4	-	60,000,000
Real estate held for sale	5	17,664,378	-
Other current assets	6	13,274,715	7,205,152
Total current assets		495,310,647	473,087,346
Non-current assets			
Property and equipment, net	8	1,234,864	1,569,732
Investment properties	9	527,799,950	466,995,000
Total non-current assets		529,034,814	468,564,732
Total assets		1,024,345,461	941,652,078
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other current liabilities	10	12,283,578	12,167,927
Income tax payable		258,618	85,304
Borrowings	11	13,624,642	13,624,642
Advances from related parties	17	9,226,385	9,002,267
Provision for litigation claims	21	47,770,052	47,770,052
Deposits for future share subscriptions	12	194,695,274	194,695,274
Total current liabilities		277,858,549	277,345,466
Non-current liabilities			
Provision for retirement benefits	20	3,342,349	3,004,170
Deferred income tax liabilities, net	15	158,057,455	168,141,338
Total non-current liabilities		161,399,804	171,145,508
Total liabilities		439,258,353	448,490,974
Equity			
Attributable to shareholders of the Parent Company			
Share capital	13	975,534,053	975,534,053
Treasury shares	13	(58,627,864)	(58,627,864)
Deficit		(523,340,931)	(587,193,449)
		393,565,258	329,712,740
Non-controlling interest		191,521,850	163,448,364
Total equity		585,087,108	493,161,104
Total liabilities and equity		1,024,345,461	941,652,078

The notes on pages 1 to 36 are an integral part of these consolidated financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Income				
Gain on fair value change in investment properties	9	60,804,950	66,725,000	64,662,455
Unrealized gain on revaluation of financial assets at FVPL	3	27,337,604	-	-
Rental income	9	8,242,891	7,760,805	7,493,144
Dividend income	3	232,482	78,758	16,313
Gain on disposal of financial assets at FVPL	3	-	227,867	260,977
Other income	10,11	-	5,415,544	21,956,985
		96,617,927	80,207,974	94,389,874
Expenses				
Salaries and employee benefits	19	(6,277,940)	(8,295,824)	(5,707,970)
Meeting expenses		(3,082,500)	(4,306,642)	(4,411,666)
Professional fees		(1,296,050)	(1,311,528)	(1,596,520)
Depreciation	8	(477,757)	(761,814)	(1,187,641)
Loss on disposal of investment in an associate	7	-	-	(412,815,027)
Unrealized loss on revaluation of financial assets at FVPL	3	-	(171,429,440)	(88,356,620)
Loss on write-off of receivables	4	-	(64,576,561)	-
Other expenses	14	(6,085,319)	(7,521,642)	(11,142,694)
		(17,219,566)	(258,203,451)	(525,218,138)
Income (loss) from operations		79,398,361	(177,995,477)	(430,828,264)
Finance income (cost), net				
Interest income	2,4	3,133,894	23,324,528	20,037,792
Foreign exchange gain (loss), net	24.1	(293,630)	(190,445)	(5,726,068)
Interest expense	11	-	-	(20,972,355)
		2,840,264	23,134,083	(6,660,631)
Share in net earnings of an associate		-	-	7,517,176
Income (loss) before income tax		82,238,625	(154,861,394)	(429,971,719)
Benefit from (provision for) income tax	15	9,687,379	(50,157,735)	(30,404,527)
Net income (loss) for the year		91,926,004	(205,019,129)	(460,376,246)
Other comprehensive income for the year		-	-	-
Total comprehensive income (loss) for the year		91,926,004	(205,019,129)	(460,376,246)
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	16	0.0655	(0.2206)	(0.4873)
Net income (loss) attributable to:				
Shareholders of the Parent Company		63,852,518	(215,172,889)	(475,424,767)
Non-controlling interest		28,073,486	10,153,760	15,048,521
		91,926,004	(205,019,129)	(460,376,246)
Total comprehensive income (loss) attributable to:				
Shareholders of the Parent Company		63,852,518	(215,172,889)	(475,424,767)
Non-controlling interest		28,073,486	10,153,760	15,048,521
		91,926,004	(205,019,129)	(460,376,246)

The notes on pages 1 to 36 are an integral part of these consolidated financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Shareholders of the Parent Company				
	Share capital (Note 13)	Treasury shares (Note 13)	Retained earnings (Deficit)	Non-controlling interest	Total
Balances as at January 1, 2018	975,534,053	(58,627,864)	103,404,207	138,246,083	1,158,556,479
Comprehensive income (loss)					
Net income (loss) for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	(475,424,767)	15,048,521	(460,376,246)
Balances as at January 1, 2019	975,534,053	(58,627,864)	(372,020,560)	153,294,604	698,180,233
Comprehensive income (loss)					
Net income (loss) for the year	-	-	(215,172,889)	10,153,760	(205,019,129)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	(215,172,889)	10,153,760	(205,019,129)
Balances as at December 31, 2019	975,534,053	(58,627,864)	(587,193,449)	163,448,364	493,161,104
Comprehensive income					
Net income for the year	-	-	63,852,518	28,073,486	91,926,004
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	63,852,518	28,073,486	91,926,004
Balances as at December 31, 2020	975,534,053	(58,627,864)	(523,340,931)	191,521,850	585,087,108

The notes on pages 1 to 36 are an integral part of these consolidated financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2020
(All amounts in Philippine Peso)

	Notes	2020	2019	2018
Cash flows from operating activities				
Income (loss) before income tax		82,238,625	(154,861,394)	(429,971,719)
Adjustments for:				
Depreciation	8	477,757	761,814	1,187,641
Provision for (reversal of) retirement obligation	20	338,179	1,122,377	(161,957)
Loss on write-off of receivables	4	-	64,576,561	-
Loss on disposal of investment in an associate	7	-	-	412,815,027
Interest expense	11	-	-	20,972,355
Share in net earnings of an associate	7	-	-	(7,517,176)
Gain on disposal of financial assets at FVPL	3	-	(227,867)	(260,977)
Accounts written-off	10,14	-	(5,384,305)	464,215
Unrealized foreign exchange loss (gain)	24.1	(138,128)	190,445	(167,035)
Dividend income	3	(232,482)	(78,758)	(16,313)
Interest income	2,4	(3,133,894)	(23,324,528)	(20,037,792)
Unrealized loss (gain) on revaluation of financial assets at FVPL	3	(27,337,604)	171,429,440	88,356,620
Gain on fair value change in investment properties	9	(60,804,950)	(66,725,000)	(64,662,455)
Operating income (loss) before working capital changes		(8,592,497)	(12,521,215)	1,000,434
Increase in:				
Other current assets		(6,069,561)	(688,032)	(1,976,845)
Inventory		(17,664,378)	-	-
Increase (decrease) in:				
Advances from related parties		223,402	-	(8,437,493)
Accounts payable and other current liabilities		116,364	(2,200,808)	(29,787,284)
Cash absorbed by operations		(31,986,670)	(15,410,055)	(39,201,188)
Interest received		3,133,894	6,684,651	239,471
Dividend received		232,482	78,758	16,313
Income tax paid		(223,189)	(328,542)	(409,775)
Net cash used in operating activities		(28,843,483)	(8,975,188)	(39,355,179)
Cash flows from investing activities				
Collection of notes receivable	4	58,350,678	-	44,966,505
Interest received	4	1,649,322	-	60,033,495
Proceeds from disposal of financial assets at FVPL	3	-	1,863,814	2,404,458
Proceeds from disposal of an associate	7	-	-	284,829,514
Acquisitions of financial assets at FVPL	3	-	(4,410,540)	(7,129,443)
Acquisitions of property and equipment	8	(142,889)	-	(2,190,179)
Net cash provided by (used in) investing activities		59,857,111	(2,546,726)	382,914,350
Cash flows from financing activities				
Payment of interest	11	-	-	(34,604,480)
Payment of borrowings	11	-	-	(121,429,849)
Net cash used in financing activities		-	-	(156,034,329)
Net increase (decrease) in cash for the year		31,013,628	(11,521,914)	187,524,842
Cash as at January 1		181,600,097	193,312,456	5,620,579
Effect of exchange rates on cash		138,128	(190,445)	167,035
Cash as at December 31	2	212,751,853	181,600,097	193,312,456
Non-cash transaction from investing activity				
Reclassification of financial assets at FVPL	3	-	-	474,325,358

The notes on pages 1 to 36 are an integral part of these consolidated financial statements.

Mabuhay Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements
As at December 31, 2020 and 2019 and
for each of the three years in the period ended December 31, 2020
(In the Notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information; status of operations

(a) Corporate information

Mabuhay Holdings Corporation (the "Parent Company") was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.85% owned by Asia Development Capital Co. Ltd., a company incorporated and registered in Tokyo, Japan to engage in the sale, development, brokerage, and leasing of real estate properties. The remaining 70.15% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippines Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings subsequent thereto.

The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and Regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The consolidated financial statements include the financial information of the Parent Company and its Subsidiaries (the Group) detailed in Note 26.3.

The Parent Company's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 8 employees as at December 31, 2020 and 2019.

The consolidated financial statements have been approved and authorized for issue by the Board of Directors on April 28, 2021. There are no material events on April 29, 2021, report date, which would require adjustment or disclosure in the consolidated financial statements.

(b) Status of operations

Sale of PIHI shares

Prior to 2018, the Group's main focus was to support the projects of its then main associate, Philippine Infradev Holdings Inc. (formerly IRC Properties Incorporated) (PIHI), by assisting it to secure funding for its residential development projects in its Binangonan Property. These projects of PIHI are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

In 2018, the Group sold a significant part of its shareholding in PIHI. The one-time effect on the sale of its shares in PIHI, which resulted in a loss on disposal of P412.82 million (Note 7), contributed mainly to the consolidated net loss and deficit position of the Group.

Settlement of receivables with PIHI

In 2019, the Group had long outstanding receivables from PIHI related to rent and notes receivables. The Group continuously engaged in several discussions with PIHI for the final settlement of the outstanding balance and had issued demand letters to PIHI for full collection of the amount due.

On June 12, 2020, the Group and PIHI entered into a final settlement agreement and the Group collected P60.00 million as full settlement, which resulted in a loss on write-off of uncollectible receivables amounting to P64.58 million (Note 4).

COVID-19 impact and assessment

In March 2020, the Philippine Government declared a community quarantine in several areas that has resulted in significant disruptions in the local business operations and trading activities in the Philippine stock exchange. The Group has suspended its normal operations based on the quarantine guidelines.

The Group has significant investments in traded equity instruments classified as financial assets at FVPL. The market values of these traded equity instruments have been heavily affected with the advent of the pandemic in the last quarter of 2019 causing market value decline of more than 40 percent as at December 31, 2019 resulting in a revaluation loss of P171.43 million. The stock market has since rebounded, and the Group's traded equity valuation has improved by 13 percent posting gains amounting to P27.34 million for the year ended December 31, 2020. The Group has not acquired or disposed any listed equity shares during the year (Note 3).

As for its investment properties, the current tenants of the Parent Company have not renewed their lease agreements and the Parent Company is actively seeking for new tenants (Note 18).

The Group is still unable to assess the full impact of the pandemic on its future financial position and the results of operations. Management is of the opinion that the Group's cash flows will continue to satisfy the Company's current working capital requirements for the next twelve months. The Subsidiaries in the Group are currently dormant and have no significant working capital requirement.

Current status of operations; future plans

The Group has no significant commercial operations for the three years in the period ended December 31, 2020. The Group's activities consist mainly of preservation and maintenance of existing investment properties.

On November 18, 2020, the Group purchased a low-cost housing development project. As at December 31, 2020, the project is still under development with expected completion by June 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of its corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government and other major projects.

The above plans will contribute to improve the results of operation of the Group in the future. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

Note 2 - Cash

Cash as at December 31 consist of:

	2020	2019
Cash on hand	15,000	15,000
Cash in bank	212,736,853	181,585,097
	212,751,853	181,600,097

Cash in bank earns interest at the prevailing bank deposit rate of 1.75% per annum in 2020 (2019 - 0.125% to 6.75%). Interest income from cash in bank for the year ended December 31, 2020 amounted to P3.13 million (2019 - P6.68 million; 2018 - P0.24 million).

Note 3 - Financial assets at fair value through profit or loss (FVPL)

Movements in financial assets at FVPL for the years ended December 31 follow:

	2020	2019
At January 1	224,282,097	392,936,944
Gain (loss) on revaluation	27,337,604	(171,429,440)
Additions	-	4,410,540
Disposals	-	(1,635,947)
At December 31	251,619,701	224,282,097

The account as at December 31, 2020 and 2019 consists of listed equity shares with fair value based on current bid prices in an active market (Level 1 valuation). Changes in fair value are recorded in unrealized gain (loss) on revaluation of financial assets at FVPL in profit or loss.

In 2018, the Group sold significant part of its shareholdings of PIHI shares resulting in divestment of its significant influence on PIHI (Note 7). Consequently, the investment value amounting to P474,325,358 was reclassified from investment in an associate to financial assets at FVPL. This is treated as non-cash investing transaction in the consolidated statements of cash flows.

In 2019, the Group sold listed equity shares with proceeds of P1,863,814 (2018 - P2,404,458) resulting in a gain of P227,867 (2018 - P260,977).

In 2020, the Group has not acquired or sold any listed equity shares.

Dividends earned for the year ended December 31, 2020 amounted to P232,482 (2019 - P78,758; 2018 - P16,313) credited to profit or loss.

Note 4 - Notes receivable

Notes receivable represent loans granted to PIHI without definite payment terms and bear annual interest rates ranging from 12% to 18%. These loans are due and demandable.

In 2018, PIHI paid off portion of the notes receivable amounting to P105.00 million of which P60.03 million pertains to payment of interest.

As discussed in Note 1, the Group and PIHI continuously engaged in several discussions in 2019 for the final settlement of the outstanding principal, interest and rent receivables. There were no collections made in 2019. The Group issued its demand letters to PIHI for the full collection of the outstanding receivables. As at December 31, 2019, the Group's outstanding receivables with PIHI amounted to P120.80 million in notes and interest receivables and P3.78 million in rent receivables totaling P124.58 million.

On June 12, 2020, the Group and PIHI entered into a final settlement agreement wherein PIHI will pay P60.00 million on or before June 15, 2020 to settle the outstanding receivables of the Group. The settlement amount was fully collected on June 15, 2020. The settlement is considered as an adjusting subsequent event since the final settlement was made prior to the approval of the financial statement as at and for the year ended 31 December 2019. Accordingly, the remaining uncollectible receivables portion amounting to P64.58 million was written-off for the year ended December 31, 2019.

Details of the write-off for the year ended December 31, 2019 follow:

	Amount
Notes receivable	35,676,195
Accrued interest receivable	25,115,927
Rent receivable	3,784,439
Loss on write-off of receivables	64,576,561

Movements in principal amount of notes receivable for the years ended December 31 follow:

	2020	2019
At January 1	58,350,678	94,026,873
Receipt of principal amount	(58,350,678)	-
Write-off	-	(35,676,195)
At December 31	-	58,350,678

Movements in accrued interest receivable for the years ended December 31 follow:

	2020	2019
At January 1	1,649,322	10,122,461
Interest income	-	16,642,788
Write-off	-	(25,115,927)
Interest received	(1,649,322)	-
At December 31	-	1,649,322

Total interest income recognized in 2019 and 2018 amounted to P16.64 million and P19.80 million, respectively.

Note 5 - Real estate held for sale

The Group's real estate held for sale pertains to the accumulated construction and development costs incurred for the unsold low-cost housing units as at December 31, 2020 totaling P17,664,378. As at December 31, 2020, all units are still under construction. The project is expected to be completed by June 2021.

Note 6 - Other current assets

The account as at December 31 consist of:

	Notes	2020	2019
Advances to a contractor		4,951,234	-
Prepayments		3,238,698	2,718,180
Advances to third parties		2,514,272	3,114,272
Due from related parties	17	657,925	209,676
Interest receivable		600,000	-
Advances to employees		254,990	283,000
Dividend receivable		149,966	-
Other receivables		907,630	880,024
		13,274,715	7,205,152

Advances to a contractor pertain to payments made by the Group to its contractor for the construction and development of a low-cost housing project. These are applied to progress billings received from the contractor.

Advances to third parties are payments made in advance for future chargeable expenses to the Company. Any excess amount will be collected in cash.

Prepayments mainly comprise of prepaid taxes and insurance.

Other receivables pertain to communication, utilities, repairs and maintenance billed to its tenants.

Note 7 - Investment in an associate

Details of the account as at December 31, 2018, which pertains to the investment in shares of stock of PIHI, follow:

	2018
Acquisition cost	
At January 1	635,157,306
Disposal	(386,921,034)
Reclassification	(248,236,272)
At December 31	-
Accumulated share in net income	
At January 1	667,400,794
Share in net earnings	7,517,176
Disposal	(381,451,590)
Reclassification	(293,466,380)
At December 31	-
Allowance for impairment loss	
At January 1	(158,705,119)
Disposal	89,697,301
Reclassification	69,007,818
At December 31	-
Total	-

In 2018, the Group sold 222,200,000 PIHI shares for P284.83 million, resulting in a net loss on disposal amounting to P412.82 million (net of applicable charges). The sale of PIHI shares resulted in a decrease in the Group's interests in PIHI to 11.40%. The decrease in ownership resulted in the transfer of the investment in an associate to financial assets at FVPL (Note 3).

Note 8 - Property and equipment, net

Details and movements of property and equipment as at and for the years ended December 31 follow:

	Office condominium	Building improvements	Office equipment	Transportation equipment	Communication and other equipment	Furniture and fixtures	Total
Cost							
January 1 and December 31, 2019	13,746,305	3,859,242	760,592	7,530,090	185,182	1,662,116	27,743,527
Additions	-	-	142,889	-	-	-	142,889
December 31, 2020	13,746,305	3,859,242	903,481	7,530,090	185,182	1,662,116	27,886,416
Accumulated depreciation							
January 1, 2019	13,619,098	3,701,077	699,295	5,556,019	174,376	1,662,116	25,411,981
Charges during the year	127,207	158,165	23,013	450,482	2,947	-	761,814
December 31, 2019	13,746,305	3,859,242	722,308	6,006,501	177,323	1,662,116	26,173,795
Charges during the year	-	-	24,183	450,483	3,091	-	477,757
December 31, 2020	13,746,305	3,859,242	746,491	6,456,984	180,414	1,662,116	26,651,552
Net book values							
December 31, 2019	-	-	38,284	1,523,589	7,859	-	1,569,732
December 31, 2020	-	-	156,990	1,073,106	4,768	-	1,234,864

The amount of fully depreciated assets still in use amounted to P19.27 million (2019 - P17.65 million; 2018 - P7.72 million).

Depreciation expense of P0.48 million (2019 - P0.76 million; 2018 - P1.19 million) is charged to expenses.

As at December 31, 2020 and 2019, management assessed that there were no indicators present that would otherwise require an assessment and subsequent recognition of impairment for its property and equipment.

There are no property and equipment pledged as collateral for borrowings as at December 31, 2020 and 2019.

Note 9 - Investment properties

The Group's investment properties include several parcels of land and a commercial unit held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiaries, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 29 hectares. The condominium unit, which is located in Makati with a total floor area of 676 square meters, is being leased out to third parties by the Parent Company (Note 18).

The following income earned and expenses incurred from these properties have been recognized in profit or loss:

	Note	2020	2019	2018
Rental income	18	8,242,891	7,760,805	7,493,144
Operating expenses arising from investment properties that generate rental income	14	(1,147,395)	(1,322,586)	(1,130,447)
		7,095,496	6,438,219	6,362,697

Direct expenses are recorded in communication, light and water, repairs and maintenance, association dues, taxes and licenses, and insurance under other expenses (Note 14).

The changes in the carrying amounts presented in the consolidated statement of financial position as at December 31 are summarized below:

	2020	2019	2018
At January 1	466,995,000	400,270,000	335,607,545
Fair value gains	60,804,950	66,725,000	64,662,455
At December 31	527,799,950	466,995,000	400,270,000

The fair value of investment properties is determined on the basis of appraisal made by an external appraiser duly certified by the management (Level 3 valuation). Valuation methods employed by the appraisers mainly include the market data approach (Note 26.12). As at December 31, 2020, the cumulative fair value gain amounted to P517.9 million (2019 - P 457.1 million; 2018 - P390.4 million).

Note 10 - Accounts payable and other current liabilities

Accounts payable and other current liabilities as at December 31 consist of:

	Note	2020	2019
Accounts payable and accrued expenses		7,917,523	9,229,927
Accrued interest on borrowings	17	2,879,506	2,879,506
Deposits from customers		852,000	-
Withholding taxes		632,049	55,994
Subscription payable		2,500	2,500
		12,283,578	12,167,927

Accounts payable and accrued expenses represent third party payables and accruals for employee benefits, legal and other professional fees, all payable on demand.

Deposits from customers pertain to cash paid by the buyers for the reservation for the low-cost housing units. These shall be adjusted against the sale price upon confirmation of unit purchased and execution of the contracts and transfer of title. The project is expected to be completed and for turnover by June 2021.

In 2019, the Group has written-off long-outstanding payables amounting to P5.41 million following final reconciliation with its creditors. The amount is credited to other income. There were no write-offs in 2020 and 2018.

Note 11 - Borrowings

In 2013, the Parent Company entered into various loan agreements with a related party, Asia Development Capital Limited (ADCL), a company incorporated in Tokyo, Japan and with a third party creditor, incorporated in Hong Kong.

In 2018, the Parent Company paid in full the principal and interest on the above loan agreements amounting to P179.81 million of which P121.43 million pertains to payment of principal. Total interest paid amounted to P34.60 million while the remaining P23.78 million was condoned by the third party creditor. The Parent Company shouldered the payment of the donor's tax amounting to P1.86 million as part of the condonation agreement. The net gain amounting to P21.95 million is recognized in profit or loss under other income.

Interest expense incurred from these borrowings for the year ended December 31, 2018 amounts to P20.97 million.

The outstanding borrowings, which are unsecured and non-interest bearing, pertain to a loan from a related party amounting to P13.62 million as at December 31, 2020 and 2019 (Note 17).

The net debt reconciliation as at December 31 is presented below:

	Notes	2020	2019
Borrowings as at December 31	17	13,624,642	13,624,642
Cash as at December 31	2	(212,751,853)	(181,600,097)
Net debt as at December 31		(199,127,211)	(167,975,455)

Note 12 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits for future share subscriptions totaling P241.62 million. Movement of P46.93 million in 2008 pertains to the cancellation of subscription with the amount previously received as deposits against the Parent Company's advances to relevant shareholders. There were no movements in the account during 2020 and 2019.

It is the intention of the shareholders that these balances represent equity deposits for future share subscriptions. The presentation of the deposits under liabilities is in compliance with Financial Reporting Bulletin No. 6 issued by Securities and Exchange Commission (SEC). The management considers issuing equivalent equity ownership upon development of concrete plans on improving the operations and the financial stability of the Group (Note 1).

Note 13 - Equity

Share capital as at December 31, 2020 and 2019 consist of:

	Amount
Common shares - P1 par value	
Authorized (4,000,000,000 shares)	4,000,000,000
Subscribed (1,200,000,000 shares)	1,200,000,000
Subscribed	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares (58,627,864 shares)	(58,627,864)

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC), a subsidiary, in the Parent Company's shares.

No collection occurred during 2020 and 2019 regarding the outstanding subscription receivable.

As at December 31, 2020 and 2019, there are 188 shareholders each owning more than one hundred (100) shares of the Parent Company.

Note 14 - Other expenses

Details of other expenses for the years ended December 31 follow:

	2020	2019	2018
Transportation and travel	1,709,560	2,650,123	1,796,804
Taxes and licenses	1,464,624	1,480,888	6,045,137
Office supplies	820,453	1,192,399	712,433
Communication, light and water	667,068	647,373	570,792
Security services	427,196	400,252	373,308
Association dues	368,964	407,037	395,343
Insurance	194,446	181,897	212,796
Repairs and maintenance	175,309	414,901	202,019
Postage	19,545	13,211	6,558
Accounts written-off	-	31,240	464,215
Miscellaneous	238,154	102,321	363,289
	6,085,319	7,521,642	11,142,694

Note 15 - Income taxes

Details of provision for (benefit from) income tax for the years ended December 31 follow:

	2020	2019	2018
Current	396,504	862,229	376,554
Deferred	(10,083,883)	49,295,506	30,027,973
	(9,687,379)	50,157,735	30,404,527

The net deferred income tax liabilities as at December 31 consist of:

	2020	2019
Recoverable within 12 months		
Unrealized gain on revaluation of financial assets at FVPL	2,628,955	31,273,368
Unrealized foreign exchange gain, net	41,438	-
Deferred rental income	-	(379,059)
	2,670,393	30,894,309
Recoverable beyond 12 months		
Fair value gain on investment properties	156,389,766	138,148,280
Provision for retirement benefits	(1,002,704)	(901,251)
	155,387,062	137,247,029
	158,057,455	168,141,338

All movements in deferred income tax are charged to profit or loss.

In compliance with the National Internal Revenue Code (NIRC) of 1997, NOLCO is carried forward annually and can be applied to taxable income for three (3) succeeding taxable years. In 2020, Republic Act No. 11494 or the Bayanihan to Recover As One Act is enacted. Under the Bayanihan Act, net operating loss of a business or enterprise for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable. The Group incurred net operating loss carry-over (NOLCO) for the year ended December 31, 2020 amounting to P7.92 million (2019 - P48.11 million; 2018 - P48.99 million). However, the related deferred income tax asset of P2.38 million (2019 - P14.43 million; 2018 - P14.70 million) was not recognized since the probability that those benefits would be utilized through future taxable profits is uncertain.

The details of NOLCO as at December 31, which could be carried over as deductible expense from taxable income follow:

Year of incurrence	Year of expiration	2020	2019
2020	2025	7,922,732	-
2019	2022	48,108,397	48,108,397
2018	2021	48,996,322	48,996,322
2017	2020	1,446,774	1,446,774
2016	2019	-	14,435,333
Total NOLCO		106,474,225	112,986,826
Expired during the year		(1,446,774)	(14,435,333)
		105,027,451	98,551,493
Deferred income tax assets not recognized at 30%		31,508,235	29,565,448

In compliance with the Tax Reform Act of 1997, the Group is required to pay the (MCIT) or the normal income tax, whichever is higher. The details of the MCIT that can be carried forward on an annual basis and credited against normal income tax payable within three (3) immediately succeeding years from the period when the MCIT was paid are presented below:

Year of incurrence	Year of expiration	2020	2019
2020	2023	139,588	-
2019	2022	524,700	524,700
2018	2021	521,243	521,243
Unrecognized MCIT		1,185,531	1,045,943

In 2020, the MCIT amounting to P139,588 (2019 - P524,700) was charged to current income tax. The MCIT is unrecognized in the expectation that the Group will not be able to generate sufficient future taxable income against which this can be applied.

The reconciliations of tax on pre-tax income computed at the statutory income tax rate to provision for (benefit from) income tax follow:

	2020	2019	2018
Income (loss) before income tax	82,238,625	(154,861,394)	(429,971,719)
Tax on pretax income at 30%	24,671,588	(46,458,418)	(128,991,516)
Unrecognized NOLCO and MCIT	11,361,660	15,484,301	14,707,472
Non-deductible expenses	702,777	1,151,422	199,947,977
Non-taxable income	(581,716)	(2,923,119)	(1,983,552)
Share in net earnings of an associate		-	(2,255,153)
Adjustment for income subjected to lower tax rates	(2,879,041)	53,116,525	(51,020,701)
Difference in tax rate on unrealized fair value loss on unlisted shares	(42,811,903)	28,919,349	-
Others	(150,744)	867,675	-
	(9,687,379)	50,157,735	30,404,527

Note 16 - Basic and diluted earnings (loss) per share

The information used in the computation of basic and diluted earnings (loss) per share for the years ended December 31 follow:

	2020	2019	2018
Net income (loss) attributable to the shareholders of Parent Company	63,852,518	(215,172,889)	(475,424,767)
Divided by the average number of outstanding common shares	975,534,053	975,534,053	975,534,053
Earnings (loss) per share - basic and diluted	0.0655	(0.2206)	(0.4873)

Basic and diluted earnings (loss) per share are the same due to the absence of dilutive potential common shares.

Note 17 - Related party transactions and balances

The table below summarizes the Group's transactions and balances with its related parties as at and for the year ended December 31, 2020.

		2020		
	Notes	Transactions	Outstanding balances	Terms and conditions
Due from				
Entities under common control:	6	448,249	657,925	Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand.
Intrinsic Value Management (IVM)				
Philippine Strategic International Holdings, Inc.(PSIHI)				
South China Holdings Corporation (SCHC)				
Borrowings from				Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
IVM	11	-	(13,624,642)	
Interest on borrowings				
IVM	10	-	(2,879,506)	Interest on borrowings represent interest accrued in prior years on its borrowing from a related party. Interest is discontinued starting 2014 upon mutual agreement of both parties.
Advances from				Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
IVM, PSIHI		138,459	(9,140,726)	
Other related party		-	(85,659)	
Salaries and employee benefits				These are determined based on contract of employment and payable in cash in accordance with the Group's payroll period. These were fully paid at reporting date.
Key management personnel		2,820,000	-	

The table below summarizes the Group's transactions and balances with its related parties as at and for the year ended December 31, 2019.

		2019		
	Notes	Transactions	Outstanding balances	Terms and conditions
Due from				
Entities under common control (IVM, PSIHI and SCHC)	6	39,386	209,676	Unsecured, non-interest bearing, with no guarantee and collectible in cash on demand.
Borrowings from				Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
IVM	11	-	(13,624,642)	
Interest on borrowings				
IVM	10	-	(2,879,506)	Interest on borrowings represent interest accrued in prior years on its borrowing from a related party. Interest is discontinued starting 2014 upon mutual agreement of both parties.
Advances from				Unsecured, non-interest bearing, with no guarantee and payable in cash on demand.
IVM, PSIHI		-	(9,002,267)	
Salaries and employee benefits				These are determined based on contract of employment and payable in cash in accordance with the Group's payroll period. These were fully paid at reporting date.
Key management personnel		2,820,000	-	

Intercompany balances eliminated in 2020 amount to P578.5 million (2019 - P587.8 million).

Based on management's assessment, the carrying values of receivables from related parties are deemed collectible.

Note 18 - Leases - the Company as lessor

The Parent Company occupies a portion of its investment property and uses it as an office space. The portion which is owner-occupied is properly classified as property and equipment (Note 8). The remaining portion is leased to third parties.

In 2020, rental income from investment in a commercial unit amounted to P8.24 million (2019 - P7.76 million) (Note 9).

The Parent Company renewed its lease agreement with PIHI for the use of Unit 35-B at the 35th Floor Rufino Pacific Tower, 6784 Ayala Avenue, Makati City with an aggregate area of 234 meters including two (2) parking rights. The lease shall be for a period of one (1) year commencing on April 1, 2019 and subsequently annually renewed until January 2021. The agreement provides for a monthly rate of P1,323 per square meter plus applicable taxes or a total of P330,545 per month. The rental shall be paid on a quarterly basis. These are unsecured, with no guarantee and non-interest bearing.

The Company also renewed its lease agreement with a third party in relation to the use of Units 35-C and D at the 35th Floor of Rufino Pacific Tower. The lease shall be for a period of three (3) years commencing on May 1, 2014 and renewed until April 30, 2020 and further renewed until December 31, 2020. The agreement provides for the payment of a monthly rental amounting to P306,571 exclusive of tax, subject to 5% escalation rate annually. The rental shall be paid on a quarterly basis on or before the first working day of the quarter to which such rent corresponds. These are unsecured, with no guarantee and non-interest bearing.

As at December 31, 2020, tenants on the above leases have already communicated the non-extension of their respective agreements.

The lease agreement pertaining to the use of six (6) car parking rights at the Rufino Pacific Tower was renewed with a third party. The lease shall be for a period of one (1) year, commencing on January 12, 2017 and renewable annually. The lease was renewed until January 11, 2022. The agreement applicable for the year ended December 31, 2020 provides for a monthly rate of P20,439 (2019 - P19,465) inclusive of applicable taxes. The rental shall be paid on a monthly basis. These are unsecured and non-interest bearing.

As at December 31, the minimum aggregate rental receivables for future years follow:

	2020	2019	2018
Within one (1) year	218,988	7,972,480	6,268,602
After one (1) year but not more than five (5) years	-	16,091,712	-
	218,988	24,064,192	6,268,602

Note 19 - Salaries and employee benefits

Details of salaries and employee benefits for the years ended December 31 follow:

	Note	2020	2019	2018
Salaries and wages		3,619,765	3,914,827	3,536,878
Employee benefits	20	2,108,627	3,796,385	1,677,633
Bonus and allowances		371,425	387,351	377,008
SSS, Philhealth and HDMF		178,123	197,261	116,451
		6,277,940	8,295,824	5,707,970

Note 20 - Provision for retirement benefits

The Group has yet to adopt a formal retirement plan and only provided for the retirement obligation based on minimum required retirement benefit under Republic Act (RA) 7641. Under RA 7641, otherwise known as the Retirement Pay Law, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least five (5) years in a private company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one (1) whole year.

The retirement benefit obligation and retirement benefit expense as at and for the years ended December 31 follow:

	2020	2019
Retirement benefit obligation	3,342,349	3,004,170
Retirement benefit expense	338,179	1,122,377

The movements in the retirement benefit obligation for the years ended December 31 follow:

	2020	2019
At January 1	3,004,170	1,881,793
Current service cost	338,179	1,122,377
At December 31	3,342,349	3,004,170

The retirement benefit expense is included under salaries and employee benefits (Note 19) in profit or loss.

The principal assumptions made as at December 31 follow:

	2020	2019
Discount rate	3.25%	4.33%
Expected future salary increase	3.00%	3.00%

Discount rate assumption is based on the theoretical spot yield curve calculated from Bloomberg market yields by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, while considering the average years of remaining working life of the employees as the estimated term of the employee.

Note 21 - Provision for litigation claims

In the normal course of business, the Parent Company is a defendant on a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by a former co-shareholder of the Parent Company in a fast craft shipping business.

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Parent Company. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Parent Company.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to the Court of Appeals for further proceedings. In 2013, the Parent Company recorded additional provision amounting to P21.61 million to reflect the final decision rendered by the Court of Appeals instructing the Parent Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling totaling to P47.77 million as shown in the consolidated statement of financial position.

As at December 31, 2020 and 2019, management is still assessing other legal remedies available to settle the case.

Note 22 - Contingency

In the normal course of business, the Parent Company has a contingency arising from claim which is presently being contested. Based on management's assessment, the disposition of this contingency will have no significant impact on its consolidated financial statements. The details of this claim have not been disclosed as this might be prejudicial to the position of the Parent Company.

Note 23 - Segment information

The Group has only one segment as it derives its revenues primarily from rental and capital appreciation of investment properties.

Significant information on the reportable segment is as follows:

	2020	2019
Operating assets	1,024,345,461	941,652,078
Operating liabilities	439,258,353	448,490,974
Revenue and income	99,751,821	103,532,502
Costs and expenses	(7,825,817)	(308,551,631)
Segment net income (loss)	91,926,004	(205,019,129)

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

There are no revenues derived from a single external customer above 10% of total revenue in 2020 and 2019.

There is no need to present reconciliation since measure of segment assets, liabilities and results of operations are consistent with those of the consolidated financial statements.

There are no changes in the Group's reportable segment and related strategies and policies in 2020 and 2019.

Note 24 - Financial risk and capital management

24.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the Board of Directors of the Group, is responsible for the management of financial risks. Its objective is to minimize the adverse impact on the Group's financial performance due to the unpredictability of financial markets.

There were no changes in the Group's strategies and policies during 2020 and 2019.

24.1.1 Market risk

(a) Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

The Group's foreign currency denominated monetary asset and liabilities for the years ended December 31 follow:

	2020	2019
	In USD	In USD
Cash in bank	104,306	107,154
Exchange rates	48.0360	50.7440
Peso equivalent	5,010,443	5,437,423

Details of net foreign exchange losses (gains) for the years ended December 31 follow:

	2020	2019	2018
Realized	431,758	-	5,893,103
Unrealized	(138,128)	190,445	(167,035)
	293,630	190,445	5,726,068

As at December 31, 2020 and the Group's exposure to currency risk relates to the foreign currency denominated cash in bank (Note 2).

The table below presents the impact of possible movements of Philippine Peso against the US Dollar, with all other variables held constant, on the Group's net income after tax. There is no impact on the Group's equity other than those already affecting net income after tax.

	Change in exchange rate	Impact on income after tax
US Dollar		
December 31, 2020	+/-5.34%	+/-131,714
December 31, 2019	+/-3.76%	+/-142,938

The reasonably possible movement in foreign currency exchange rates is based on the projection by the Group using movement of the rates from the prior period.

(b) Price risk

The Group's exposure on price risk is minimal and limited only to financial assets at FVPL (Note 3) in the consolidated statement of financial position. Changes in market prices of these investments are expected to impact significantly the financial position or results of operations of the Group.

As at December 31, 2020, the impact of 1% increase (decrease) in the bid share price of the Group's investments based on management's assessment of historical movements in price, with all variable held constant, would have an impact of possible increase (decrease) of P1.06 million (2019 - P3.19 million) in profit or loss.

(c) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is not exposed to interest rate risk as it has no interest-bearing financial instruments as at December 31, 2020 and 2019.

24.1.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Maximum exposure to credit risk

The Group's exposure to credit risk primarily relates to cash in bank and financial receivables.

The table below shows the credit quality of significant financial assets (i.e., cash in banks and financial receivables) as at December 31:

	Fully performing	Underperforming
2020		
Cash in bank	212,736,853	-
Other current assets*	-	5,084,781
	212,736,853	5,084,781
2019		
Cash in bank	181,585,097	-
Notes receivable	60,000,000	-
Other current assets*	-	4,486,972
	241,585,097	4,486,972

**excluding prepayments and advances to a contractor*

Fully performing financial assets are fully recoverable with no overdue balances and with no history of credit losses. Underperforming financial assets are with long overdue balances and with exposure to credit losses. Both categories of financial assets are subjected to lifetime expected credit loss allowance assessment.

(i) Cash in bank

The Group deposits its cash balances in a universal bank to minimize the credit risk exposure. The Company assessed no significant credit risk.

(ii) Notes receivable

On June 12, 2020, the Group and PIHI entered into a final settlement agreement for P60.00 million (Note 4). The uncollectible receivables were fully written-off in profit or loss. The outstanding total receivables as at December 31, 2019 of P60.00 million was fully collected on June 15, 2020.

(iii) Other current assets (excluding prepayments and advances to a contractor)

Advances to third parties, advances to employees, due from related parties and other receivables reported under other current assets totaling P5.08 million as at December 31, 2020 (2019 - P4.49 million) are monitored on an ongoing basis which normally results in an assessment that the Group's exposure to bad debts is not material. There were no historical losses recognized on these balances.

24.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances, as the impact of discounting is not significant.

	0 - 180 days	181 - 360 days	Total
As at December 31, 2020			
Borrowings	-	13,624,642	13,624,642
Accounts payable and other current liabilities*	-	10,799,529	10,799,529
Advances from related parties	-	9,226,385	9,226,385
	-	33,650,556	33,650,556
As at December 31, 2019			
Borrowings	-	13,624,642	13,624,642
Accounts payable and other current liabilities *	-	12,111,933	12,111,933
Advances from related parties	-	9,002,267	9,002,267
	-	34,738,842	34,738,842

**This excludes taxes payable, deposits from customer and subscription payable*

All financial assets and liabilities are classified as current as at reporting dates.

24.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities as follows:

	2020	2019
Total equity	585,087,108	493,161,104
Deposit for future share subscriptions	194,695,274	194,695,274
	779,782,382	687,856,378

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the minor development activities undertaken by the Group, it does not require intensive capitalization as at December 31, 2020 and 2019. The Group's main objective is the development of an existing prime property comprising of investment property held for rental and capital appreciation.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

There were no changes in the Group's strategies and policies during 2020 and 2019.

24.3 Fair value of financial assets and liabilities

The table below summarizes the carrying amounts and fair values of those financial assets and liabilities as at December 31 as follows:

	2020		2019	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Fair value through profit or loss	251,619,701	251,619,701	224,282,097	224,282,097
Fair value at amortized cost				
Cash	212,751,853	212,751,853	181,600,097	181,600,097
Notes receivable	-	-	60,000,000	60,000,000
Other current assets*	5,084,781	5,084,781	4,486,972	4,486,972
Total assets	469,456,335	469,456,335	470,369,166	470,369,166
Financial liabilities at amortized cost				
Borrowings	13,624,642	13,624,642	13,624,642	13,624,642
Accounts payable and other current liabilities**	10,799,529	10,799,529	12,111,933	12,111,933
Advances from related parties	9,226,385	9,226,385	9,002,267	9,002,267
Total liabilities	33,650,556	33,650,556	34,738,842	34,738,842

**This excludes prepayments and advances to a contractor*
***This excludes taxes payable, deposits from customer and subscription payable*

These carrying amounts approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

24.4 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at December 31, 2020 and 2019, the Group's financial assets at FVPL are classified under Level 1 while investment properties are classified under Level 3 category. The Group uses the market approach for its investment properties. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building features/amenities, bargaining allowance and others.

Note 25 - Critical accounting estimate and judgments

Estimates and judgments 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.

25.1 Critical accounting estimates and assumptions

(a) Estimate of fair value of investment properties (Note 9)

The Group's investment properties have an estimated market value of P226,000 per square meter (2019 - P219,000 per square meter) for the commercial unit and P290 to P3,700 per square meter (2019 - P420 to P3,200 per square meter) for the land as at December 31, 2020 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences on the factors of time, unit area or size, unit location, unit improvements, building location, building features or amenities, bargaining allowance and others; and

- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Investment properties in 2020 amounted to P527.80 million (2019 - P466.99 million). Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P53 million (2019 - P47 million) higher or lower.

(b) Retirement benefits (Note 20)

The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The sensitivities of the defined benefit obligation to changes in the principal assumptions as at December 31 follow:

Assumptions	2020	2019
Discount rate		
1% decrease	382,201	267,513
1% increase	(339,849)	(243,394)
Rate of salary increase		
1% decrease	535,223	240,482
1% increase	(260,414)	(192,423)

25.2 Critical accounting judgments

(a) Distinction between real estate held for sale and investment properties (Note 5)

The Group classifies its real estate held for sale as property that is held for sale in the ordinary course of business. Principally, this is the cost of low-cost housing units that the Group develops and intends to sell before or on completion of construction. These properties are not occupied by the Group for administrative purposes and are not for capital appreciation or for rental.

Investment properties comprise land and office space which are not occupied by the Group. These properties are for capital appreciation or for rental.

In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by the Group.

(b) Recognition of deferred income tax assets (Note 15)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets from NOLCO and MCIT amounting to P31.51 million and P1.19 million, respectively, (2019 - P29.57 million and P1.05 thousand, respectively) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three to five years given current development activities.

(c) Entities in which the Group holds less than 50% interest (Note 26.3)

Management consider that the Parent Company has de facto control over TAC, MAC, TTCI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent Company has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's consolidated financial statements.

In 2018, the Group sold significant number of its shares in PIHI. Management has assessed the level of influence that the Group has on PIHI and determined that it has no significant influence and control has not been established as a result of the divestment. Consequently, this investment was reclassified to financial assets at FVPL in 2020 and 2019.

(d) Impairment of investment properties (Note 9)

The Group's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building features/amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P527.80 million as at December 31, 2020 (2019 - P466.99 million). No impairment loss was recognized on investment properties for the years ended December 31, 2020 and 2019.

(e) Provision for litigation claims (Note 21)

The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The provision for litigation claims is based on the final decision rendered by the Court of Appeals. The Parent Company's management and legal counsel believe that the liabilities under these lawsuits or claims will not have a material impact on the Group's consolidated financial statements. The Group's provision for litigation claims amounted to P47.77 million as at December 31, 2020 and 2019 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency (Note 22)

The Parent Company is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceedings.

Note 26 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

26.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVPL and investment properties.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 25.

26.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

There are no new standards, amendments to existing standards and interpretations that are effective from January 1, 2020, adopted by the Group that have significant impact on the Group's consolidated financial statements.

(b) New standards, amendments and interpretations not yet adopted

There are no new standards, amendments to existing standards and interpretations that are effective for year subsequent to December 31, 2020, that would have significant impact or considered relevant to the Group's consolidated financial statements.

26.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2020 and 2019. The Subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

Details of subsidiaries follow:

	Percentage of ownership in 2020 and 2019		
Subsidiaries	Direct	Indirect	Total
T&M Holdings, Inc. (TMHI)	100%	-	100%
M&M Holdings Corporation (MMHC)	100%	-	100%
The Angeles Corporation (TAC)*	38.46%	15.02%	53.48%
The Taal Company, Inc. (TTCI)*	29.97%	14.49%	44.46%
Mindanao Appreciation Corporation (MAC)*	28.50%	13.98%	42.49%
Tagaytay Properties and Holding Corporation (TPHC)*	26.04%	-	26.04%

**With significant control or power to govern*

All subsidiaries are domestic companies registered and doing business in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stock. The Subsidiaries' registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

The summarized financial information of subsidiaries with significant non-controlling interest as at and for the years ended December 31 follow:

2020	TPHC	MAC	TTCI	TAC
		(In thousands of Pesos)		
Total current assets	8,505	52,521	11,852	1,972
Total non-current assets	373,402	-	27,671	-
Total assets	381,907	52,521	39,523	1,972
Total current liabilities	41,875	31,473	4,842	10,719
Total non-current liabilities	102,807	299	8,137	-
Total liabilities	144,682	31,772	12,979	10,719
Net assets (liabilities)	237,225	20,749	26,544	(8,747)
Income	54,626	745	1,909	2
Expenses	(1,591)	(65)	(115)	(58)
Income (loss) before income tax	53,035	680	1,794	(56)
Provision for income tax	(16,352)	(207)	(540)	-
Net income (loss) for the year	36,683	473	1,254	(56)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income (loss) for the year	36,683	473	1,254	(56)
Cash flows from:				
Operating activities	(160)	(8)	(116)	(39)

2019	TPHC	MAC	TTCI	TAC
		(In thousands of Pesos)		
Total current assets	9,306	51,785	11,738	2,011
Total non-current assets	319,027	-	25,973	-
Total assets	328,333	51,785	37,711	2,011
Total current liabilities	41,336	31,417	4,825	10,703
Total non-current liabilities	86,455	92	7,596	-
Total liabilities	127,791	31,509	12,421	10,703
Net assets (liabilities)	200,542	20,276	25,290	(8,692)
Income	26,215	(0.3)	1,186	2
Expenses	(2,914)	(2,946)	(128)	(75)
Income (loss) before tax	23,301	(2,946)	1,058	(73)
Provision for income tax	(7,765)	(5)	(346)	-
Net income (loss) for the year	15,536	(2,951)	712	(73)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income (loss) for the year	15,536	(2,951)	712	(73)
Cash flows from:				
Operating activities	(1,805)	(85)	(135)	(73)

	TPHC	MAC	TTCI	TAC	Total
Accumulated balance of non-controlling interest		(In thousands of Pesos)			
December 31, 2020	166,164	11,252	18,763	(4,658)	191,521
December 31, 2019	139,033	10,980	18,067	(4,632)	163,448

	TPHC	MAC	TTCI	TAC	Total
Non-controlling interest share in total comprehensive income (loss)		(In thousands of Pesos)			
December 31, 2020	27,131	272	696	(26)	28,073
December 31, 2019	11,490	(1,697)	395	(34)	10,154

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying 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 Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

26.4 Cash

Cash consist of cash on hand and deposits at call with banks. These are stated at face value or nominal amount.

26.5 Financial instruments

26.5.1 Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Financial assets at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in profit or loss.

These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets at amortized cost comprise cash (Note 2), notes receivable (Note 4) and other current assets (except prepayments and advances to suppliers) (Note 6).

(ii) Financial assets at FVPL

Investment in equity instruments that are held for trading are measured at fair value. Gains and losses for these financial assets are recorded in profit or loss. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Group's financial assets at FVPL (Note 3) are classified under this category.

(b) Financial liabilities

The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding payable to government agencies and deposits from customer) (Note 10) and advances from related parties (Note 17).

26.5.2 Recognition and measurement

(a) Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(b) Subsequent measurement

(i) Financial assets at amortized cost

Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method, less provision for impairment.
(ii) Financial assets at FVPL

Gains or losses arising from changes in the fair value of financial assets at FVPL, including interest , are presented in profit or loss within fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized in profit or loss as a separate line item when the Company's right to receive payment is established.

(iii) Financial liabilities

Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

26.5.3 Impairment

The Group applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for receivables. This did not result in any increase of the loss allowance for receivables in 2020 and 2019.

To measure the expected credit losses, notes receivable, advances and other receivables and due to related parties have individually specific assessed credit risk characteristics and the days past due. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against an allowance account.

As at December 31, 2020 and 2019, all receivables are assessed as fully collectible based on the reasonable credit worthiness of the debtor, collection history and the Group's legal remedies.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. Subsequent recoveries of amounts previously written-off are credited against operating expenses in profit or loss.

26.5.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

26.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at December 31, 2020 and 2019, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

26.6 Notes receivable

Notes receivable represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods.

Other receivables such as advances and other receivables and due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 26.5.

26.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments are derecognized upon expiration with the passage of time or consumed in operations.

26.8 Advances to a contractor

Advances to a contractor pertain to down payment made by the Group for the construction and development of a low-cost housing project. These are not collectible but recouped upon every progress billing by the contractor based on the milestone or percentage of accomplishment or delivery as stipulated in the contract. These advances to a contractor do not arise from regular sales, thus, not classified as receivables in accordance with the Group's accounting policy in Note 26.5.

26.9 Real estate held for sale

Real estate held for sale are properties being constructed for sale in the ordinary course of business, rather than for rental or capital appreciation, and are carried at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated cost of completion and estimated cost to sell.

Cost of real estate held for sale represents the accumulated cost of the unsold low-cost housing units. It includes those that are directly attributable to the construction of the low-cost housing units such as cost of land, direct materials, direct labor, professional and consultancy fee, and project management costs incurred by the contractor.

Real estate held for sale are derecognized when they are sold or there are no future benefits to the Group.

The carrying amount of the real estate asset held for sale is recognized as cost in the period in which the related revenue is recognized.

26.10 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation, amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the period in which these are incurred.

Depreciation or amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Office condominium	25 years
Building improvements	10 years
Office equipment	5 years
Communication and other equipment	5 years
Transportation equipment	5 years
Furniture and fixtures	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use (Note 26.13).

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

26.11 Investment properties

Investment properties are defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties, principally comprising of land and a commercial unit, are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which these are incurred.

Removal of an item within investment properties is triggered by a change in use, by sale or disposal. If investment properties become owner-occupied, they are reclassified as property and equipment, and the fair value at the date of reclassification becomes the cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

Impairment of investment properties is presented in Note 26.13.

26.12 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.
The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets follow:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at FVPL are classified under Level 1 category. Investment properties are classified under Level 3 category.

26.13 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that have a definite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

26.14 Accounts payable and other current liabilities

Accounts payable and other current liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other current liabilities are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payable and other current liabilities are measured at the original invoice amount as the effect of discounting is immaterial.

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other current liabilities and financial liabilities at amortized cost are presented in Note 26.5.

26.15 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds net of transaction costs and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

26.16 Deposits from customer

Deposits from customer are recognized for any cash received from buyers of the low-cost housing units These are derecognized and applied to the agreed transaction price under the contract, upon completion and transfer of title. The development and construction of the units is estimated not to exceed one year.

26.17 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associate. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

26.18 Employee benefits

(a) Retirement benefit obligation

The Group has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits

The Group recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

26.19 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

26.20 Deposit for future share subscriptions

Deposit for future share subscriptions represents amounts received from shareholder which will be settled by way of issuance of the Parent Company's own shares at a future date which may or may not materialize. These are recognized upon receipt of cash and measured at face value or nominal amount. The Group considers the deposit as a liability unless all of the following elements are present:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the subscription agreement;
- There is a Board of Director's approval on the proposed increase in authorized capital stock to cover the shares corresponding to the amount of the deposit;
- There is shareholders' approval of proposed increase; and
- The application for the approval of the proposed increase in authorized share capital has been filed with the SEC.

Deposits for future share subscriptions are derecognized once share has been issued or the shareholder cancels the subscription.

26.21 Equity

(a) Common shares

Share capital consists of common shares, which are stated at par value, that are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Share premium

Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

(c) Treasury shares

Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

(d) Retained earnings (deficit)

Retained earnings (deficit) include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any.

26.22 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net income attributable to the Parent Company by the weighted average number of common shares in issue during the year.

Diluted earnings (loss) per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

26.23 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described as follows. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Dividend income

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

(d) Other income

Other income is recognized when earned.

(e) Expenses

Expenses are recognized when these are incurred.

26.24 Leases - Group as a lessor

Properties leased out under operating leases are included in investment properties in the consolidated statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

26.25 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions or valuation where items are measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

26.26 Related party relationships and transactions

(a) Related party relationship

A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction

Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

26.27 Contingency

Contingent liability is not recognized in the consolidated financial statements. This is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent asset is also not recognized in the consolidated financial statements but are disclosed. Contingent asset is recognized only when an inflow of economic benefits is virtually certain.

26.28 Subsequent events

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

Note 27 - Subsequent event

On March 26, 2021, Republic Act No. 11534, otherwise known as CREATE, was signed into law. Among the salient provisions of CREATE that are relevant to the Company include changes to the Corporate Income Tax (CIT) as follows:

1. CIT rate shall be reduced to 25% beginning July 1, 2020 for domestic corporations. Domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million, excluding land on which the particular business entity's office, plant and equipment are situated, are subject to 20% income tax.
2. Beginning July 1, 2020 until June 30, 2023, temporary reduction of the minimum corporate income tax rate to 1% for domestic corporations.
3. Repeal of the optional CIT of 15% of gross income for domestic corporations.

As at December 31, 2020, the CREATE bill is still pending ratification by both the Philippine Congress and Senate, and consequently pending approval of the President of the Republic of the Philippines. The Company has assessed that the proposed tax law is not enacted or substantively enacted as at December 31, 2020.

For financial reporting purposes, the enactment of CREATE after the reporting date is deemed a non-adjusting subsequent event. Had the new CIT rate been applied on the December 31, 2020 consolidated financial statements of the Group, the financial impact would have been as follows:

Increase (decrease) in	Amount
Prepaid income tax	34,897
Income tax payable	(42,820)
Deferred income tax liabilities, net	(3,739,018)
Income tax expense	(3,816,735)
Net income for the year	3,816,735

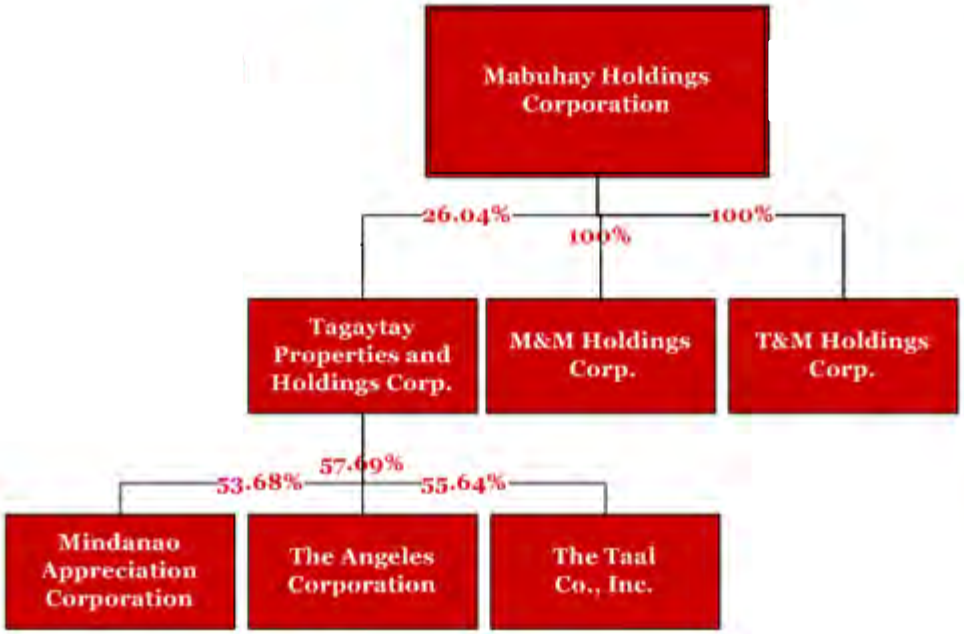
Mabuhay Holdings Corporation and Subsidiaries

Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	2019
Current ratio	Total current assets divided by total current liabilities Total current assets 495,310,647 Divided by: Total current liabilities 277,858,549 Current ratio 1.7826	1.7826:1	1.7058:1
Quick asset ratio	Quick assets (total current assets less prepayments and other current assets) divided by total current liabilities Total current assets 495,310,647 Less: Prepayments and other current assets (13,274,715) 482,035,932 Divided by: Total current liabilities 277,858,551 1.7348	1.7348:1	1.6960:1
Solvency ratio	[Net income after tax plus non-cash expenses (e.g. depreciation etc.)] divided by total liabilities Net income after tax 91,926,004 Add: Depreciation and amortization 477,757 92,403,761 Divided by: Total liabilities 439,258,353 0.2104	0.2104:1	(0.4554):1
Debt to asset	Total liabilities divided by total assets Total liabilities 439,258,353 Divided by: Total assets 1,024,345,461 0.4288	0.4288 :1	0.4763:1
Debt to equity	Total liabilities divided by total equity Total liabilities 439,258,353 Divided by: Total equity 585,087,108 0.7508	0.7508 :1	0.9094:1
Asset to equity	Total assets divided by total equity Total assets 1,024,345,461 Divided by: Total equity 585,087,108 1.7508	1.7508 :1	1.9094:1
Interest coverage	Net income before interest and tax divided by interest expense Net income before interest and tax 82,238,625 Divided by: Interest expense - -	-	-
Return on equity	Net income after tax divided by total equity Net income after tax 91,926,004 Divided by: Total equity 585,087,108 0.1571	0.1571	(0.4157)
Return on asset	Net income after tax divided by total assets Net income after tax 91,926,004 Divided by: Total assets, 1,024,345,461 0.0897	0.0897	(0.2177)
Net profit (loss) ratio	Net income after tax divided by total income Net income after tax 91,926,004 Divided by: Total income 96,617,927 0.9514	0.9514	(2.5561)
Earnings per share	Net income attributable to the Parent divided by number of common stock outstanding Net income after tax 63,852,518 Divided by: Number of common stock outstanding 975,534,053 0.0655	P0.0655	P(0.2206)

Mabuhay Holdings Corporation and Subsidiaries

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2020



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2020

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	Valued based on market quotation at balance sheet date	Income received and accrued
Philippine Infradev Holdings, Inc.	170,947,589	241,036,100	241,036,100	-
Bank of the Philippine Islands	64,110	5,215,349	5,215,349	-
Ayala Land Inc.	53,800	2,200,420	2,200,420	-
Philippine Long Distance	1,050	1,405,950	1,405,950	-
Phil. Realty A	2,023,428	668,430	668,430	-
Basic Energy Corp.	1,110,000	521,700	521,700	-
RFM Corporation	40,000	182,000	182,000	-
Greenergy H./Musx Corp.	62,300	161,980	161,980	-
Filinvest Land, Inc.	84,250	94,360	94,360	-
Ayala Corporation	69	57,063	57,063	-
Cosco Capital, Inc.	5,000	28,250	28,250	-
BDO Unibank, Inc.	147	15,700	15,700	-
F. Estate Land Inc.	6,850	6,302	6,302	-
Swift Food Inc.	44,621	5,711	5,711	-
GMA Network, Inc.	1,000	6,000	6,000	-
United P. Mining Corp.	750,000	4,350	4,350	-
National Reinsurance Corp.	5,000	3,350	3,350	-
Swift Food Inc. (Preference)	1,759	2,814	2,814	-
Filipino Fund Inc.	330	2,310	2,310	-
The Philodrill Corporation	128,100	1,409	1,409	
Manila Mining Corp. (B)	4,345	105	105	-
Manila Mining Corp. (A)	9,551	48	48	-
Total	175,215,199	251,619,701	251,619,701	-

Mabuhay Holdings Corporation and Subsidiaries

Schedule B. Amounts Receivable (payable) from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other Than Related Parties)
December 31, 2020

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
NONE							

Mabuhay Holdings Corporation and Subsidiaries

Schedule C. Amounts Receivable from Related Parties which are Eliminated
during the Consolidation of the financial statements
December 31, 2020

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Mabuhay Holdings Corporation	44,111,716	-	(10,000,000)	-	34,111,716	-	34,111,716
Mindanao Appreciation Corporation	18,523,641	-	-	-	18,523,641	-	18,523,641
M&M Holdings Corporation	68,271,461	-	-	-	68,271,461	-	68,271,461
The Angeles Corporation	-	-	-	-	-	-	-
T&M Holdings, Inc.	611,652	661,934	-	-	1,273,586	-	1,273,586
Tagaytay Properties Holdings Corporation	4,687,944	1,263	-	-	4,689,207	-	4,689,207
The Taal Company, Inc.	2,276,864	-	-	-	2,276,864	-	2,276,864
Total	138,483,278	663,197	(10,000,000)	-	129,146,475	-	129,146,475

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Long-term debt
December 31, 2020

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" in related balance sheet"
NONE			

Mabuhay Holdings Corporation and Subsidiaries

Schedule E. Indebtedness to related parties (Long-term loans from Related Companies)
December 31, 2020

Name of related party	Balance at beginning of period	Balance at end of period
NONE		

Mabuhay Holdings Corporation and Subsidiaries

Schedule F. Guarantees of Securities of Other Issuers
December 31, 2020

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 person for which statement is filed	Nature of guarantee
NONE				

Mabuhay Holdings Corporation and Subsidiaries

Schedule G. Capital Stock
December 31, 2020

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
COMMON SHARES	4,000,000,000	1,200,000,000	-	58,627,864	1,641	1,141,370,495

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

Company Name

MABUHAY HOLDINGS CORPORATION

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

35TH FLOOR

RUFINO PACIFIC TOWER

6784 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number(s)	Mobile Number
mabuhayholdings@yahoo.com	7750-2000	

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)

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
GLORIA GEORGIA G. GARCIA	ggg.mhc@gmail.com	7750-2000	09088941610

Contact Person's Address

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the Quarter Ended **March 31, 2021**

2. Commission Identification Number: **150014**

3. BIR Tax Identification Number: **047-000-473-206**

4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: _____ (SEC Use Only)

7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**

8. Issuer's Telephone Number, Including Area Code: **(632) 750-2000**

9. Former Name, former address, former fiscal year, if changed from last report:

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

Common shares	**1,200,000,000**

11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	**Common stock**

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 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 to 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ]

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

Yes [✓] No [ ]

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MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2021 AND DECEMBER 31, 2020
(All amounts in Philippine Peso)

	Notes	Unaudited March 31, 2021	Audited December 31, 2020
ASSETS			
Current Assets			
Cash	2	₱190,721,568	₱212,751,853
Financial assets at fair value through profit or loss	3	241,865,408	251,619,701
Real estate held for sale	4	21,010,690	17,664,378
Other current assets	5,13	27,652,086	13,274,715
Total current assets		481,249,752	495,310,647
Non-Current Assets			
Property and equipment, net	6	1,263,510	1,234,864
Investment properties	7	527,799,950	527,799,950
Total non-current assets		529,063,460	529,034,814
TOTAL ASSETS		₱1,010,313,212	₱1,024,345,461
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	8	₱12,820,860	₱12,542,196
Borrowings	9,13	13,624,642	13,624,642
Advances from related parties	13	9,226,687	9,226,385
Provision for litigation claims	17	47,770,052	47,770,052
Deposit for future share subscriptions	10	194,695,274	194,695,274
Total current liabilities		278,137,515	277,858,549
Non-Current Liabilities			
Provision for retirement benefits		3,342,349	3,342,349
Deferred income tax liabilities, net		158,057,455	158,057,455
Total non-current liabilities		161,399,804	161,399,804
Total Liabilities		439,537,319	439,258,353
EQUITY			
Attributable to Shareholders of the Parent Company			
Share capital	11	₱975,534,053	₱975,534,053
Treasury shares	11	(58,627,864)	(58,627,864)
Retained earnings (deficit)		(534,342,773)	(523,340,931)
		382,563,416	393,565,258
Non-controlling interest		188,212,477	191,521,850
Total equity		570,775,893	585,087,108
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		₱1,010,313,212	₱1,024,345,461

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE QUARTERS ENDED MARCH 31, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Notes	Jan 1 - Mar 31 2021	Jan 1 - Mar 31 2020
INCOME			
Rental income	7	₱350,124	₱1,946,713
Others		5,238	9,129
		355,362	1,955,842
EXPENSES			
Salaries and employee benefits	15	1,623,251	1,661,634
Depreciation		128,913	118,372
Professional fees		319,484	208,492
Unrealized loss on revaluation of securities		9,754,293	100,292,956
Other operating expenses	16	3,184,314	3,339,822
		15,010,255	105,621,276
INCOME (LOSS) FROM OPERATIONS		(14,654,893)	(103,665,434)
FINANCE INCOME (COST)			
Interest income	2	302,933	1,169,058
Foreign exchange gains (losses), net		44,735	32,146
		347,668	1,201,204
INCOME (LOSS) BEFORE INCOME TAX		(14,307,225)	(102,464,230)
PROVISION FOR INCOME TAX		3,990	39,577
NET INCOME (LOSS)		(14,311,215)	(102,503,807)
OTHER COMPREHENSIVE INCOME (LOSS)		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱14,311,215)	(₱102,503,807)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company		(₱11,001,842)	(₱97,951,805)
Non-controlling interest		(3,309,373)	(4,552,002)
		(₱14,311,215)	(₱102,503,807)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Shareholders of the Parent Company		(₱11,001,842)	(₱97,951,805)
Non-controlling interest		(3,309,373)	(4,552,002)
		(₱14,311,215)	(₱102,503,807)
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company		(0.01128)	(0.10041)

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTERS ENDED MARCH 31, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Equity Holders of the Company				
	Share Capital (Note 11)	Treasury Shares (Note 11)	Retained Earnings (Deficit)	Non-controlling Interest	Total
Balances at December 31, 2019	₱975,534,053	(₱58,627,864)	(₱587,193,449)	₱163,448,364	₱493,161,104
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(97,951,805)	(4,552,002)	(102,503,807)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(97,951,805)	(4,552,002)	(102,503,807)
Balances at March 31, 2020	₱975,534,053	(₱58,627,864)	(₱685,145,254)	₱158,896,362	₱390,657,297
Balances at December 31, 2020	₱975,534,053	(₱58,627,864)	(₱523,340,931)	₱191,521,850	₱585,087,108
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(11,001,842)	(3,309,373)	(14,311,215)
Other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(11,001,842)	(3,309,373)	(14,311,215)
Balances at March 31, 2021	₱975,534,053	(₱58,627,864)	(₱534,342,773)	₱188,212,477	₱570,775,893

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE QUARTERS ENDED MARCH 31, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Jan 1 - Mar 31 2021	Jan 1 - Mar 31 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME (LOSS) BEFORE INCOME TAX	(₱14,307,576)	(₱102,464,230)
Adjustments for:		
Unrealized loss on revaluation of securities	9,754,644	100,292,956
Depreciation	128,913	118,372
Gain on disposal of assets	-	-
Interest income	(302,933)	-
Dividend income	(1,083)	(9,129)
Operating profit (loss) before working capital changes	(4,728,035)	(2,062,031)
Decrease (increase) in:		
Real estate held for sale	(3,346,312)	-
Other current assets	(14,377,371)	(310,190)
Increase (decrease) in:		
Accounts payable and other current liabilities	274,674	(911,984)
Advances from related parties	302	(16,795)
Cash provided by (used in) operating activities	(22,176,742)	(3,301,000)
Interest received	302,933	-
Dividend received	1,083	9,129
Net cash generated from (used in) operating activities	(21,872,726)	(3,291,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(157,559)	-
Net cash provided by (used in) investing activities	(157,559)	-
NET INCREASE (DECREASE) IN CASH	(22,030,285)	(3,291,871)
Cash at January 1	212,751,853	181,600,097
Cash at March 31	₱190,721,568	₱178,308,226

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED AGING OF RECEIVABLES (Note 5)
AS OF MARCH 31, 2021

	TOTAL	1-30 DAYS	31-60 DAYS	OVER 61 DAYS
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Eduardo V. de Mesa	600,000			600,000
Castillo Laman Tan Pantaleon	99,287			99,287
Others	23,023,850	2,780,980	3,623,637	16,619,233
Totals	₱24,298,009	₱2,780,980	₱3,623,637	₱17,893,392

Note 1 - General information; status of operations

a) Corporate information

Mabuhay Holdings Corporation (the Company or Parent Company) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.85% owned by Asia Development Capital Co. Ltd., a company incorporated and registered in Tokyo, Japan on February 7, 1922 to engage in the sale, development, brokerage and leasing of real estate properties. The remaining 70.15% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings subsequent thereto. The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The Company's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 8 employees as at March 31, 2021 and December 31, 2020.

b) Status of operations

Sale of PIHI shares

Prior to 2018, the Group's main focus was to support the projects of its then main associate, Philippine Infradev Holdings Inc. (formerly IRC Properties Incorporated) (PIHI), by assisting it to secure funding for its residential development projects in its Binangonan Property. These projects of PIHI are expected to generate significant amount of sustainable income stream and operating cash flows to the Group.

In 2018, the Group sold a significant part of its shareholding in PIHI. The one-time effect on the sale of its shares in PIHI, which resulted in a loss on disposal of P412.82 million (Note 7), contributed mainly to the consolidated net loss and deficit position of the Group.

Settlement of receivables with PIHI

In 2019, the Group had long outstanding receivables from PIHI related to rent and notes receivables. The Group continuously engaged in several discussions with PIHI for the final settlement of the outstanding balance and had issued demand letters to PIHI for full collection of the amount due.

On June 12, 2020, the Group and PIHI entered into a final settlement agreement and the Group collected P60.00 million as full settlement, which resulted in a loss on write-off of uncollectible receivables amounting to P64.58 million (Note 4).

COVID-19 impact and assessment

In March 2020, the Philippine Government declared a community quarantine in several areas that has resulted in significant disruptions in the local business operations and trading activities in the Philippine stock exchange. The Group has suspended its normal operations based on the quarantine guidelines.

The Group has significant investments in traded equity instruments classified as financial assets at FVPL. The market values of these traded equity instruments have been heavily affected by the pandemic and have declined more than 40 percent in 2019 resulting in a revaluation loss of P171.43 million. The stock market has since rebounded, and the Group's traded equity valuation has improved by 13 percent posting gains amounting to P29.31 million for the year ended December 31, 2020. The Group has not acquired or disposed any listed equity shares during the year (Note 3).

As for its investment properties, the current tenants of the Parent Company have not renewed their lease agreements and the Parent Company is actively seeking for new tenants (Note 18).

The Group is still unable to assess the full impact of the pandemic on its future financial position and the results of operations. Management is of the opinion that the Group's cash flows will continue to satisfy the Company's current working capital requirements for the next twelve months. The Subsidiaries in the Group are currently dormant and have no significant working capital requirement.

Current status of operations; future plans

The Group has no significant commercial operations for the three years in the period ended December 31, 2020. The Group's activities consist mainly of preservation and maintenance of existing investment properties.

On November 18, 2020, the Group entered into an agreement for the development of an affordable housing project. As at December 31, 2020, the project is still under development with expected completion by June 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of our corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government and other major projects.

The above plans will contribute to improve the results of operation of the Group in the future. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

Note 2 - Cash

The account at March 31 and December 31 consists of:

	March 31, 2021	Dec 31, 2020
Cash on hand	25,000	15,000
Cash in banks	190,696,568	212,736,853
	190,721,568	212,751,853

Cash in banks earn interest at the prevailing bank deposit rates.

Note 3 - Financial assets at fair value through profit or loss

Movements in financial assets at fair value through profit or loss (FVPL) for the period ended March 31, 2021 and the year ended December 31, 2020 are as follows:

	March 31, 2021	Dec 31, 2020
Balance as at beginning of period	251,619,701	224,282,097
Additions	-	27,337,604
Disposals	-	-
Gain (loss) on revaluation of securities	(9,754,293)	-
Balance as at end of period	241,865,408	251,619,701

The account as at March 31, 2021 and December 31, 2020 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation). Changes in fair values of financial assets at fair value through profit or loss are recorded in unrealized gain (loss) on revaluation of securities in profit or loss.

In 2018, the Group reclassified its investments in PIHI shares previously held as an investment in an associate to Financial Assets at FVPL as a result of the divestment of the Group's significant influence in PIHI.

In 2019, the Parent Company subscribed to additional stock rights with a total cost of P4,410,540. In 2019, the Parent Company sold listed equity shares with fair value of P1,635,948 resulting in a gain of P227,866. The proceeds for both were collected during the sale period.

In 2020, the Group has not acquired or sold any listed equity shares.

Dividends earned amounted to P1,083 for the quarter ended March 31, 2021 and P232,482 for the year ended December 31, 2020 credited to profit and loss.

Note 4 - Real estate held for sale

The Group's real estate held for sale pertains to the accumulated construction and development costs incurred for the unsold low-cost housing units as at March 31, 2021. As at March 31, 2021, all units are still under construction. The project is expected to be completed by June 2021.

Note 5 - Other current assets

The account at March 31 and December 31 consists of:

	March 31, 2021	Dec 31, 2020
Prepayments	3,354,077	3,238,698
Other receivables -		
Advances to a contractor	19,444,405	4,951,234
Advances to third parties	2,580,161	2,514,272
Due from related parties	702,769	657,925
Interest receivable	600,000	600,000
Advances to employees	191,000	254,990
Dividend receivable	149,966	149,966
Others	629,708	907,630
	24,298,009	10,036,017
	27,652,086	13,274,715

Advances to a contractor pertain to payments made by the Group to its contractor for the construction and development of a low-cost housing project. These are applied to progress billings received from the contractor.

Advances to third parties are cash advances made to third parties and are collectible in cash.
Prepayments mainly comprise of prepaid taxes and insurance.

Other receivables pertain to communication, utilities, repairs and maintenance billed to its tenants.

Note 6 - Property and equipment

Details of property and equipment as at and for the periods ended March 31, 2021 and December 31, 2020 follow:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
COST							
Balances as at December 31, 2020	1,662,116	903,481	185,182	13,746,305	7,530,090	3,859,242	27,886,416
Additions	-	157,559	-	-	-	-	157,559
Disposals	-	-	-	-	-	-	-
Balances as at March 31, 2021	1,662,116	1,061,040	185,182	13,746,305	7,530,090	3,859,242	28,043,975
ACCUMULATED DEPRECIATION							
Balances as at December 31, 2020	1,662,116	746,491	180,414	13,746,305	6,456,984	3,859,242	26,651,552
Additions	-	15,556	737	-	112,620	-	128,913
Disposals	-	-	-	-	-	-	-
Balances as at March 31, 2021	1,662,116	762,047	181,151	13,746,305	6,569,604	3,859,242	26,780,465
NET BOOK VALUES							
December 31, 2020	0	156,990	4,768	0	1,073,106	0	1,234,864
March 31, 2021	**0**	**298,993**	**4,031**	**0**	**960,486**	**0**	**1,263,510**

Depreciation expense of P128,913 for the quarter ended March 31, 2021 is charged to expenses. There were no disposals during the period.

Note 7 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiairies, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 29 hectares. The condominium unit, which is located in Makati with a total floor area of 676 square meters, is being leased out to third parties by the Parent Company.

Note 8 – Accounts payable and other current liabilities

The account at March 31 and December 31 consists of:

	March 31, 2020	Dec 31, 2020
Accounts payable and other accrued expenses	8,196,187	7,917,523
Accrued interest on borrowings	2,879,506	2,879,506
Deposits for customers	852,000	852,000
Withholding taxes payable	632,049	632,049
Income taxes payable	258,618	258,618
Subscription payable	2,500	2,500
	12,820,860	12,542,196

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand.

Note 9 - Borrowings

Borrowings at March 31 and December 31 consist of unsecured short-term interest-bearing loans obtained from the following:

	March 31, 2021	Dec 31, 2020
Third party	-	-
Related party	13,624,642	13,624,642
	13,624,642	13,624,642

The net debt reconciliation as at March 31 and December 31 is presented below:

	March 31, 2021	Dec 31, 2020
Borrowings as at beginning of period	13,624,642	13,624,642
Changes arising from:		
Cash flows	-	-
Non-cash flows	-	-
Borrowings as at end of period	13,624,642	13,624,642
Cash as at end of period	(190,721,568)	(212,751,853)
Net debt as at end of period	(177,096,926)	(199,127,211)

Note 10 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account for 2021 and 2020.

It is the intention of the shareholders that these balances represent deposits for future capital subscription. However, the plan of the Company's management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. The management considers issuing equivalent equity ownership upon development of concrete plans on the improvement of the operations of the Company.

Note 11 - Equity

(a) Share capital

Share capital at March 31, 2021 and December 31, 2020 consist of:

Common shares – P1 par value	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares	(58,627,864)
	916,906,189

(b) Treasury shares

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC), a subsidiary, in the Parent Company's shares.

Note 12 - Basic and diluted earnings per share

The computation of basic earnings per share for the period ended March 31 and December 31 follows:

	2021	2020
Net income (loss) attributable to shareholders of the Parent Company	(₱11,002,193)	₱63,852,518
Divided by the average no. of outstanding common shares	975,534,053	975,534,053
Basic earnings per share	(0.01128)	0.0655

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 13- Related party transactions

The Group's transactions with related parties include those with associates and other related parties described below:

a) Due from related parties

Details of the accounts at March 31 and December 31 follow:

	March 31, 2021	Dec 31, 2020
Entities under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)		
South China Holdings Corporation (SCHC)	702,769	657,925

b) Due to related parties

This account is composed of advances from the following related parties which were obtained for working capital purposes:

	March 31, 2021	Dec 31, 2020
Borrowings from		
Entity under common control		
Intrinsic Value Management (IVM)	13,624,642	13,624,642
Advances from		
Entity under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)	9,226,687	9,226,385

The above advances are non-interest bearing and are payable on demand thus, considered current.

Note 14 - Leases

In 2009, the Company occupied a portion of its investment property and converted it into an office space. The portion which is owner-occupied is properly reclassified as property and equipment (Notes 6 and 7). The remaining portion is leased to other parties.

Note 15- Salaries and employee benefits

Salaries and employee benefits for the period January 1 to March 31, 2021 and 2020 consist of:

	March 31, 2021	March 31, 2020
Salaries and wages	1,091,232	991,911
SSS, Philhealth and HDMF	58,469	48,234
Others	473,550	621,489
	1,623,251	1,661,634

Note 16 – Other Operating expenses

Other operating expenses for the period January 1 to March 31, 2021 and 2020 consist of:

	March 31, 2021	March 31, 2020
Taxes and licenses	1,396,717	1,355,318
Transportation and travel	382,977	484,043
Communication, light and water	142,764	103,508
Other fees	250,000	250,000
Miscellaneous	1,011,856	1,146,953
	3,184,314	3,339,822

Note 17- Contingencies

In the normal course of business, the Group is a defendant of a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by corporation which was formerly a co-shareholder of the Parent Company. Details of this pending case follow:

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Group. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Group.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under current liabilities.

Note 18 - Financial risk and capital management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.
The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

18.1 Market risk

(a) Foreign exchange risk
The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

The reasonably possible movement in foreign currency exchange rates is based on projection by the Company using five year moving average historical experience.

(b) Price risk
The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss, investment properties and available-for-sale financial assets presented under other non-current assets in the consolidated statement of financial position. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

(c) Interest rate risk
Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable and borrowings. These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rates.

18.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Maximum exposure to credit risk
The Group's exposure to credit risk primarily relates to cash in banks and financial receivables.

18.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

18.4 Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

18.5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at March 31, 2021 and December 31, 2020, the Group's financial assets at fair value through profit or loss and available-for-sale financial assets are classified under Level 1 while investment properties are classified under Level 3 category. The Group uses the market approach for its investment properties. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/ size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

18.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to support the property development plans of IRC and to maintain an optimal capital structure to reduce the cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

Note 19 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities.
Estimates, assumptions and judgments 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.

19.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 7)
The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Investment properties in 2021 and 2020 amounted to P527.800 million. Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P52.8 million higher or lower.

Retirement benefits
The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

19.2 Critical accounting judgments

(a) Impairment of financial assets
The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Recognition of deferred income tax assets
Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

(c) Entities in which the Group holds less than 50% interest
Management consider that the Parent Company has de facto control over TAC, MAC, TTCI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent Company has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's consolidated financial statements. Management has assessed the level of influence that the Group has on PIHI and determined that it has no significant influence with an ownership of 11.40% in 2019 and 2018 and control has not been established. Consequently, this investment previously classified as an associate has been reclassified to financial assets at FVPL in 2018.

(d) Impairment of investment properties
The Group's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property

registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P527.800 million as at March 31, 2021 and December 31, 2020. No impairment loss was recognized on investment properties for the period ended March 31, 2021 and the year ended December 31, 2020.

(e) Provision for litigation claims
The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The provision for litigation claims is based on the final decision rendered by the Court of Appeals. The Parent Company's management and legal counsel believe that the liabilities under these lawsuits or claims will not have a material impact on the Group's consolidated financial statements. The Group's provision for litigation claims amounted to P47.77 million as at March 31, 2021 and December 31, 2020 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency
The Parent Company is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceedings.

Note 20 - Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

20.1 Basis of preparation
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 18.

20.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments and improvements to existing standards and interpretations are effective for the financial year beginning on January 1, 2018 which are relevant to the Group's financial statements:

The Group has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments
- PFRS 15, 'Revenue from Contracts with Customers'

The Group had to change its accounting policies following the adoption of PFRS 9 and PFRS 15. There were no restrospective adjustments in relation to the adoption. The details of the Company's adoption are disclosed in Note 19.26.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or

the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a simplified approach that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). The Parent Company is a lessor on all of its lease agreements, hence, the adoption of the standard will not impact the Group's separate financial statements.

20.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at March 31, 2021 and December 31, 2020. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

All subsidiaries are domestic companies registered and doing business in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stock. The subsidiaries' registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying 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 Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions- that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

20.4 Cash

Cash consist of cash on hand and deposits at call with banks. They are stated at face value or nominal amount.

20.5 Financial instruments

20.5.1 Classification
The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets
From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

As at March 31, 2021 and December 31, 2020, the Group has financial assets classified as financial assets at amortized cost and financial assets at FVPL.

(i) Financial assets at amortized cost
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank (Note 24.4) and notes and other receivables.

(ii) Financial assets at FVPL
Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Company's financial assets at FVPL are classified under this category.

(b) Financial liabilities
The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) and advances from related parties.

20.5.2 Recognition and measurement

(a) Initial recognition and measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

(b) Subsequent measurement
(i) Financial assets at amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

(ii) Financial assets at FVPL
Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, including interest and dividend income and interest expense, are presented in profit or loss within fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

(iii) Financial liabilities
Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

20.5.3 Impairment
From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

20.5.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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

20.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at March 31, 2020 and December 31, 2019, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

20.5.6 Accounting policies applied until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification
Until December 31, 2017, the Group classified its financial assets in the following categories:

- financial assets at FVPL,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement
Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial asset and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognized as follows:

- for financial assets at FVPL - in profit or loss within other gains (losses);
- for available-for-sale financial asset that is a monetary security denominated in a foreign currency - translation differences related to changes in the amortized cost of the security were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

(ii) Impairment
The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

20.6 Notes and other receivables
Notes and other receivables represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 20.5.

20.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the consolidated statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

20.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation, amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation or amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

20.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

20.10 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity
specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2, respectively.

20.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

20.12 Accounts payable and other liabilities

Accounts payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are measured at the original invoice amount (as the effect of discounting is immaterial).

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 20.5.

20.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

20.14 Employee benefits

(a) *Retirement benefit obligation*
The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits
The Parent Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Parent Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

20.15 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary
difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

20.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

20.17 Subscription payable

Subscription payable represents unpaid portion of share capital subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.
Subscription payable is derecognized when the obligation has been paid.

20.18 Deposit for future share subscriptions

Deposit for future share subscriptions represents amounts received from shareholder which will be settled by way of issuance of the Parent Company's own shares on future date.

Deposit for future share subscriptions is derecognized once share has been issued or the shareholder cancels the subscription.

20.19 Share capital

(a) Common shares
Share capital consists of common shares, which are stated at par value, that are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Share premium
Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

(c) Treasury shares
Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

20.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the Parent Company by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

20.21 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Dividend income
Dividend income is recognized when the right to receive payment is established.

(d) Other income
Other income is recognized when earned.

(e) Expenses
Expenses are recognized when they are incurred.

20.22 Leases

(a) The Group is the lessor

Properties leased out under operating leases are included in "Investment properties" in the consolidated statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

20.23 Foreign currency transactions and translation

(a) Functional and presentation currency
Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

20.24 Related party relationships and transactions

*(a) **Related party relationship***
A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction
Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

20.25 Contingency

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are also not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is virtually certain.

20.26 Change in accounting policy

This note explains the impact of the adoption of PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on the Group's financial statements.

(a) PFRS 9, Financial Instruments

The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods.

As permitted by the transitional provisions of PFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Specified below are the disclosures relating to the impact of the adoption of PFRS 9 on the Group. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 19.5.

(i) Classification and measurement

The closing balances of cash in bank and notes and other receivables as at December 31, 2017 amounting to P5,620,579 and P196,021,880, respectively, show loans and receivables under amortized cost. As at January 1, 2018, these were reclassified into financial assets at amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash in bank and notes and other receivables in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

(b) PFRS 15, Revenue from Contracts with Customers

PFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The Group's revenue contracts do not have performance obligations other than to lease its investment properties. The adoption did not require any change in the Group's current revenue recognition policy.

20.27 Subsequent events (or events after the reporting date)

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

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

On November 18, 2020, the Group purchased a low-cost housing development project. As at March 31, 2021, the project is still under development with expected completion by June 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of our corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The above plans will contribute to improve the results of operation of the Group in the following years.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Other than its gear towards opening projects on affordable housing, the Group does not anticipate other heavy requirement for working capital in 2021.

Financial Position

	March 31, 2021	**December 31, 2020**		
	(Unaudited)	**(Audited)**	**Increase (Decrease)**	**%**
Current Assets	481,249,752	495,310,647	(14,060,895)	(2.84%)
Non-current Assets	529,063,460	529,034,814	28,646	0.01%
Total Assets	1,010,312,861	1,024,345,461	(14,032,600)	(1.37%)
Current Liabilities	278,137,515	277,858,549	278,966	0.10%
Non-current Liabilities	161,399,804	161,399,804	0	0.00%
Equity	570,775,893	585,087,108	(14,311,215)	(2.45%)

Explanation to Accounts with Material Variance (March 2021 vs. December 2020)

Current Assets
Cash amounted to P190.722 million as of March 31, 2021 as compared to P212.752 million as of December 31, 2020, or a decrease of 10% or P22.03 million attributed mainly to cash used for working capital and for development of the affordable housing project acquired by the Group.

Financial assets at fair value through profit or loss amounted to P241.865 million as of March 31, 2021 as compared to P251.620 million as of December 31, 2020, or a decrease of 4% or P9.755 million mainly due to recognition of unrealized loss on revaluation of securities as of end of March 2021.

Real estate held for sale amounted to P21.010 million as of March 31, 2021 as compared to P17.664 million as of December 31, 2020, or an increase of 19% or P3.346 million mainly attributed to the cost of accomplishment as of reporting period.

Other current assets amounted to P27.652 million as of March 31, 2021 as compared to P13.274 million as of December 31, 2020, or an increase of P14.377 million or 108% mainly due to prepayments and advances given to contractor of housing project.

Non-Current Assets
Property and equipment, net amounted to P1.263 million as of March 31, 2021 as compared to P1.235 million as of December 31, 2020, or an increase of 2% or P28.6k mainly due to acquisition of additional office equipment net of depreciation charges for the first quarter.

Investment properties amounted to P527.800 million as of March 31, 2021 and December 31, 2020. There is no increase in appraised value recognized during the first quarter of 2021.

Current Liabilities
Accounts payable and other current liabilities amounted to P12.821 million as of March 31, 2021 as compared to P12.542 million as of December 31, 2020, or an increase of 2% or P0.279 million mainly due to accruals.

Equity
Retained Earnings (Deficit) amounted to (P534.343 million) as of March 31, 2021 and (P523.341 million) as of December 31, 2020, or an increase in Deficit of P11.002 million attributed mainly to the net loss incurred by the Group for the first quarter.

Results of Financial Operations

January to March 2021 compared with January to March 2020

	Three Months Ended March 31			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	355,362	1,955,842	(1,600,480)	(81.83%)
Expenses	15,010,606	105,621,276	(90,610,670)	(85.79%)
Finance Income (Cost)	347,668	1,201,204	(853,536)	(71.06%)
Net Income (loss)	(14,311,215)	(102,503,807)	88,192,592	(86.04%)

A comparative review of the Registrant's financial operations for the quarter ended March 31, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P1.6 million or 82% mainly due to decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021. There are no new occupants as of March 31, 2021. Total expenses decreased by P90.6 million or 86% mainly due to the unrealized loss on revaluation of securities of P100.3 million recognized in 2020 which contributed to the amount of loss. Total Finance Income decreased by P0.853 million mainly due to decrease in interest income on notes receivables as a result of final settlement. Interest income as of March 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P44K as compared to P32K in 2020.

Net loss before income taxes registered at P14.308 million for the first quarter of 2021 and net loss after income tax provision amounted to P14.312 million.

There is no significant element of income that did not arise from the Registrant's continuing operations, neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment of its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

ITEM 3 - KEY PERFORMANCE INDICATORS

The Company's key performance indicators are the following:

(In Percentage)

	March 31, 2021	Dec. 31, 2020
Net profit (loss) ratio	(40.2732)	0.9514
Return on assets	(0.0142)	0.0897
Return on equity	(0.0251)	0.1571
Current ratio	1.7303	1.7826
Acid test ratio	1.5553	1.6713
Debt to equity	0.7701	0.7508
Debt to asset	0.4351	0.4288
Asset to equity	1.7701	1.7508
Interest coverage	-	-
Earnings (loss) per share	(0.0113)	0.0655

Notes:
1) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
2) Return on assets is derived at by dividing Net income by Total Assets.
3) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
4) Current Ratio is expressed as Current Assets : Current Liabilities.
5) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value+ Receivables : Current Liabilities.
6) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
7) Debt to assets is expressed as Total liabilities: Total assets
8) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
9) Interest coverage is arrived at by dividing Operating income by Interest expense.
10) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) attributable to Equity Holders of the Parent Company over the average no. of the outstanding common shares.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

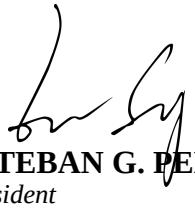
Notes required to be disclosed but are not applicable to the Registrant are indicated below:

a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

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.

MABUHAY HOLDINGS CORPORATION
Issuer



ESTEBAN G. PEÑA SY
President
Date: May 14, 2021

GLORIA GEORGIA G. GARCIA
Treasurer & Chief Financial Officer
Date: May 14, 2021

SEC Registration Number

0	0	0	0	0	1	5	0	0	1	4

Company Name

MABUHAY HOLDINGS CORPORATION

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

35TH FLOOR

RUFINO PACIFIC TOWER

6784 AYALA AVENUE

MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, if applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number(s)	Mobile Number
mabuhayholdings@yahoo.com	7750-2000	09088941610

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month/Day)

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
GLORIA GEORGIA G. GARCIA	ggg.mhc@gmail.com	7750-2000	09088941610

Contact Person's Address

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note: 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.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the Quarter Ended **June 30, 2021**

2. Commission Identification Number: **150014**

3. BIR Tax Identification Number: **047-000-473-206**

4. Exact Name of issuer as specified in its charter: **MABUHAY HOLDINGS CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: _____ (SEC Use Only)

7. Address of Principal Office: **35/F Rufino Pacific Tower, Ayala Avenue, Makati City**

8. Issuer's Telephone Number, Including Area Code: **(632) 750-2000**

9. Former Name, former address, former fiscal year, if changed from last report:

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

Common shares	**1,200,000,000**

11. Are any or all of these securities are listed on the Philippine Stock Exchange.

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange	**Common stock**

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 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 to 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ]

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

Yes [✓] No [ ]

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MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND DECEMBER 31, 2020
(All amounts in Philippine Peso)

	Notes	Unaudited June 30, 2021	Audited December 31, 2020
ASSETS			
Current Assets			
Cash	2	₱184,310,869	₱212,751,853
Financial assets at fair value through profit or loss	3	251,326,832	251,619,701
Real estate held for sale	4	27,138,520	17,664,378
Other current assets	5,13	23,615,675	13,274,715
Total current assets		486,391,896	495,310,647
Non-Current Assets			
Property and equipment, net	6	1,204,147	1,234,864
Investment properties	7	527,799,950	527,799,950
Total non-current assets		529,004,097	529,034,814
TOTAL ASSETS		₱1,015,395,993	₱1,024,345,461
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	8	₱11,607,579	₱12,542,196
Borrowings	9,13	13,624,642	13,624,642
Advances from related parties	13	9,228,288	9,226,385
Provision for litigation claims	17	47,770,052	47,770,052
Deposit for future share subscriptions	10	194,695,274	194,695,274
Total current liabilities		276,925,835	277,858,549
Non-Current Liabilities			
Provision for retirement benefits		3,342,349	3,342,349
Deferred income tax liabilities, net		158,057,455	158,057,455
Total non-current liabilities		161,399,804	161,399,804
Total Liabilities		438,325,639	439,258,353
EQUITY			
Attributable to Shareholders of the Parent Company			
Share capital	11	₱975,534,053	₱975,534,053
Treasury shares	11	(58,627,864)	(58,627,864)
Retained earnings (deficit)		(530,264,895)	(523,340,931)
		386,641,294	393,565,258
Non-controlling interest		190,429,060	191,521,850
Total equity		577,070,354	585,087,108
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		₱1,015,395,993	₱1,024,345,461

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Notes	Quarters Ended April 1 - June 30		Year-to-Date January 1 - June 30	
		2021	2020	2021	2020
INCOME					
Rental	7	₱76,406	₱1,316,449	₱426,530	₱3,263,162
Unrealized gain on revaluation of securities		9,461,424	24,951,046	-	-
Others		32,131	36,818	37,369	45,947
		9,569,961	26,304,313	463,899	3,309,109
EXPENSES					
Salaries and employee benefits	15	1,241,097	1,423,014	2,864,348	3,084,648
Depreciation		136,943	118,375	265,856	236,747
Professional fees		186,483	186,911	505,967	395,403
Unrealized loss on revaluation of securities		-	-	292,869	75,341,910
Other operating expenses	16	1,960,283	1,114,389	5,144,597	4,454,211
		3,524,806	2,842,689	9,073,637	83,512,919
INCOME (LOSS) FROM OPERATIONS		6,045,155	23,461,624	(8,609,738)	(80,203,810)
FINANCE INCOME (COST)					
Interest income	2,4	242,787	295,008	545,720	1,464,066
Foreign exchange gains (losses), net		6,794	(127,834)	51,529	(95,688)
		249,581	167,174	597,249	1,368,378
INCOME (LOSS) BEFORE INCOME TAX		6,294,736	23,628,798	(8,012,489)	(78,835,432)
PROVISION FOR INCOME TAX		275	26,329	4,265	65,906
NET INCOME (LOSS)		6,294,461	23,602,469	(8,016,754)	(78,901,338)
OTHER COMPREHENSIVE INCOME (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		₱6,294,461	₱23,602,469	(₱8,016,754)	(₱78,901,338)
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the Parent Company		₱4,077,878	₱22,884,875	(₱6,923,964)	(₱75,066,930)
Non-controlling interest		2,216,583	717,594	(1,092,790)	(3,834,408)
		₱6,294,461	₱23,602,469	(₱8,016,754)	(₱78,901,338)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the Parent Company		₱4,077,878	₱22,884,875	(₱6,923,964)	(₱75,066,930)
Non-controlling interest		2,216,583	717,594	(1,092,790)	(3,834,408)
		₱6,294,461	₱23,602,469	(₱8,016,754)	(₱78,901,338)
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company		0.00418	0.02346	(0.00710)	(0.07695)

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Equity Holders of the Company				
	Share Capital (Note 11)	Treasury Shares (Note 11)	Retained Earnings (Deficit)	Non-controlling Interest	Total
Balances at December 31, 2019	₱975,534,053	(₱58,627,864)	(₱587,193,449)	₱163,448,364	₱493,161,104
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(75,066,930)	(3,834,408)	(78,901,338)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(75,066,930)	(3,834,408)	(78,901,338)
Balances at June 30, 2020	₱975,534,053	(₱58,627,864)	(₱662,260,379)	₱159,613,956	₱414,259,766
Balances at December 31, 2020	₱975,534,053	(₱58,627,864)	(₱523,340,931)	₱191,521,850	₱585,087,108
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(6,923,964)	(1,092,790)	(8,016,754)
Other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(6,923,964)	(1,092,790)	(8,016,754)
Balances at June 30, 2021	₱975,534,053	(₱58,627,864)	(₱530,264,895)	₱190,429,060	₱577,070,354

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Jan 1 - June 30 2021	Jan 1 - June 30 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME (LOSS) BEFORE INCOME TAX	(₱8,012,489)	(₱78,835,432)
Adjustments for:		
Unrealized loss on revaluation of securities	292,869	75,341,910
Depreciation	265,856	236,747
Interest income	(545,720)	-
Dividend income	(37,369)	(45,947)
Operating profit (loss) before working capital changes	(8,036,853)	(3,302,722)
Decrease (increase) in:		
Real estate held for sale	(9,474,142)	-
Other current assets	(10,340,960)	(1,127,518)
Increase (decrease) in:		
Accounts payable and other current liabilities	(938,882)	(1,493,532)
Advances from related parties	1,903	(117)
Cash provided by (used in) operating activities	(28,788,934)	(5,923,889)
Collection of notes receivables	-	60,000,000
Interest received	545,720	-
Dividend received	37,369	45,947
Net cash generated from (used in) operating activities	(28,205,845)	54,122,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(235,139)	-
Net cash provided by (used in) investing activities	(235,139)	-
NET INCREASE (DECREASE) IN CASH	(28,440,984)	54,122,058
Cash at January 1	212,751,853	181,600,097
Cash at June 30	₱184,310,869	₱235,722,155

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED AGING OF RECEIVABLES (Note 5)
AS OF JUNE 30, 2021

	TOTAL	1-30 DAYS	31-60 DAYS	OVER 61 DAYS
Sta. Mesa Heights Holdings Corp.	574,872			574,872
Eduardo V. de Mesa	600,000			600,000
Castillo Laman Tan Pantaleon	110,120			110,120
Others	19,316,053	2,661,867		16,654,186
Totals	₱20,601,045	₱2,661,867	-	₱17,939,178

Note 1 - General information; status of operations

a) Corporate information

Mabuhay Holdings Corporation (the Company or Parent Company) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.83% owned by Zenith Element Limited, a company incorporated and registered under the laws of the British Virgin Islands on April 17, 2018 as an investment holding company. The remaining 70.17% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings subsequent thereto. The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The Company's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 8 employees as at June 30, 2021 and December 31, 2020.

b) Status of operations

Settlement of receivables with PIHI

In 2019, the Group had long outstanding receivables from its then main associate, Philippine Infradev Holdings Inc. (formerly IRC Properties Incorporated) (PIHI) related to rent and notes receivables. The Group continuously engaged in several discussions with PIHI for the final settlement of the outstanding balance and had issued demand letters to PIHI for full collection of the amount due. On June 12, 2020, the Group and PIHI entered into a final settlement agreement and the Group collected P60.00 million as full settlement, which resulted in a loss on write-off of uncollectible receivables amounting to P64.58 million.

COVID-19 impact and assessment

In March 2020, the Philippine Government declared a community quarantine in several areas that has resulted in significant disruptions in the local business operations and trading activities in the Philippine stock exchange. The Group has suspended its normal operations based on the quarantine guidelines.

The Group has significant investments in traded equity instruments classified as financial assets at FVPL. The market values of these traded equity instruments have been heavily affected by the pandemic and have declined more than 40 percent in 2019 resulting in a revaluation loss of P171.43 million. The stock market has since rebounded, and the Group's traded equity valuation has improved by 13 percent posting gains amounting to P29.31 million for the year ended December 31, 2020. The Group has not acquired or disposed any listed equity shares during the year (Note 3).

As for its investment properties, the current tenants of the Parent Company have not renewed their lease agreements and the Parent Company is actively seeking for new tenants.

The Group is still unable to assess the full impact of the pandemic on its future financial position and the results of operations. Management is of the opinion that the Group's cash flows will continue to satisfy the Company's current working capital requirements for the next twelve months. The Subsidiaries in the Group are currently dormant and have no significant working capital requirement.

Current status of operations; future plans

The Group has no significant commercial operations for the three years in the period ended December 31, 2020. The Group's activities consist mainly of preservation and maintenance of existing investment properties.

On November 18, 2020, the Group entered into an agreement for the development of an affordable housing project. As at June 30, 2021, the project is still under development with expected completion by November 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of our corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government and other major projects.

The above plans will contribute to improve the results of operation of the Group in the future. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

Note 2 - Cash

The account at June 30 and December 31 consists of:

	June 30, 2021	Dec 31, 2020
Cash on hand	25,000	15,000
Cash in banks	184,285,869	212,736,853
	184,310,869	212,751,853

Cash in banks earn interest at the prevailing bank deposit rates.

Note 3 - Financial assets at fair value through profit or loss

Movements in financial assets at fair value through profit or loss (FVPL) for the period ended June 30, 2021 and the year ended December 31, 2020 are as follows:

	June 30, 2021	Dec 31, 2020
Balance as at beginning of period	251,619,701	224,282,097
Gain (loss) on revaluation of securities	(292,869)	27,337,604
Additions	-	-
Disposals	-	-
Balance as at end of period	251,326,832	251,619,701

The account as at June 30, 2021 and December 31, 2020 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation). Changes in fair values of financial assets at fair value through profit or loss are recorded in unrealized gain (loss) on revaluation of securities in profit or loss.

In 2020, the Group has not acquired or sold any listed equity shares.

Dividends earned amounted to P37,369 for the quarters ended June 30, 2021 and P232,482 for the year ended December 31, 2020 credited to profit and loss.

Note 4 - Real estate held for sale

The Group's real estate held for sale pertains to the accumulated construction and development costs incurred for the unsold low-cost housing units as at June 30, 2021. As at June 30, 2021, all units are still under construction. The project is expected to be completed by November 2021.

Note 5 - Other current assets

The account at June 30 and December 31 consists of:

	June 30, 2021	Dec 31, 2020
Prepayments	3,014,630	3,238,698
Other receivables -		
Advances to contractor	15,205,200	4,951,234
Advances to third parties	2,585,188	2,514,272
Due from related parties	703,519	657,925
Interest receivable	600,000	600,000
Advances to employees	773,242	254,990
Dividend receivable	149,966	149,966
Others	583,930	907,630
	20,601,045	10,036,017
	23,615,675	13,274,715

Advances to contractor pertain to payments made by the Group for the construction and development of a low-cost housing project. These are applied to progress billings received from the contractor.

Advances to third parties are cash advances made to third parties and are collectible in cash.
Prepayments mainly comprise of prepaid taxes and insurance.

Other receivables pertain to communication, utilities, repairs and maintenance billed to its tenants.

Note 6 - Property and equipment

Details of property and equipment as at and for the periods ended June 30, 2021 and December 31, 2020 follow:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
COST							
Balances as at December 31, 2020	1,662,116	903,481	185,182	13,746,305	7,530,090	3,859,242	27,886,416
Additions	-	235,139	-	-	-	-	235,139
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2021	1,662,116	1,138,620	185,182	13,746,305	7,530,090	3,859,242	28,121,555
ACCUMULATED DEPRECIATION							
Balances as at December 31, 2020	1,662,116	746,491	180,414	13,746,305	6,456,984	3,859,242	26,651,552
Additions	-	36,067	2,170	-	227,619	-	265,856
Disposals	-	-	-	-	-	-	-
Balances as at June 30, 2021	1,662,116	782,558	182,584	13,746,305	6,684,603	3,859,242	26,917,408
NET BOOK VALUES							
December 31, 2020	0	156,990	4,768	0	1,073,106	0	1,234,864
June 30, 2021	**0**	**356,062**	**2,598**	**0**	**845,487**	**0**	**1,204,147**

Depreciation expense of P265,856 for the period ended June 30, 2021 is charged to expenses. There were no disposals during the period.

Note 7 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiaries, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 29 hectares. The condominium unit, which is located in Makati with a total floor area of 676 square meters, is being leased out to third parties by the Parent Company.

Note 8 – Accounts payable and other current liabilities

The account at June 30 and December 31 consists of:

	June 30, 2021	Dec 31, 2020
Accounts payable and other accrued expenses	7,815,459	7,917,523
Accrued interest on borrowings	2,879,506	2,879,506
Deposits from customers	852,000	852,000
Withholding taxes payable	58,114	632,049
Income taxes payable	-	258,618
Subscription payable	2,500	2,500
	11,607,579	12,542,196

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand.

Note 9 - Borrowings

Borrowings at June 30 and December 31 consist of unsecured short-term interest-bearing loans obtained from the following:

	June 30, 2021	Dec 31, 2020
Third party	-	-
Related party	13,624,642	13,624,642
	13,624,642	13,624,642

The net debt reconciliation as at June 30 and December 31 is presented below:

	June 30, 2021	Dec 31, 2020
Borrowings as at beginning of period	13,624,642	13,624,642
Changes arising from:		
Cash flows	-	-
Non-cash flows	-	-
Borrowings as at end of period	13,624,642	13,624,642
Cash as at end of period	(184,310,869)	(212,751,853)
Net debt as at end of period	(170,686,227)	(199,127,211)

Note 10 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account for 2021 and 2020.

It is the intention of the shareholders that these balances represent deposits for future capital subscription. However, the plan of the Company's management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. The management considers issuing equivalent equity ownership upon development of concrete plans on the improvement of the operations of the Company.

Note 11 - Equity

(a) Share capital

Share capital at June 30, 2021 and December 31, 2020 consist of:

Common shares – P1 par value	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares	(58,627,864)
	916,906,189

(b) Treasury shares

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC), a subsidiary, in the Parent Company's shares.

Note 12 - Basic and diluted earnings per share

The computation of basic earnings per share for the period ended June 30 and December 31 follows:

	2021	2020
Net income (loss) attributable to shareholders of the Parent Company	(₱6,923,964)	₱63,852,518
Divided by the average no. of outstanding common shares	975,534,053	975,534,053
Basic earnings per share	(0.00710)	0.0655

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 13- Related party transactions

The Group's transactions with related parties include those with associates and other related parties described below:

a) Due from related parties

Details of the accounts at June 30 and December 31 follow:

	June 30, 2021	Dec 31, 2020
Entities under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)		
South China Holdings Corporation (SCHC)	703,519	657,925

b) Due to related parties

This account is composed of advances from the following related parties which were obtained for working capital purposes:

	June 30, 2021	Dec 31, 2020
Borrowings from		
Entity under common control		
Intrinsic Value Management (IVM)	13,624,642	13,624,642
Advances from		
Entity under common control		
Intrinsic Value Management (IVM)		
Phil. Strategic International Holdings Inc. (PSIHI)	9,228,288	9,226,385

The above advances are non-interest bearing and are payable on demand thus, considered current.

Note 14 - Leases - the Company as Lessor

The Parent Company occupies a portion of its investment property and uses it as an office space. The portion which is owner-occupied is properly classified as property and equipment. The remaining portion is leased to other parties.

Note 15- Salaries and employee benefits

Salaries and employee benefits for the period January 1 to June 30, 2021 and 2020 consist of:

	June 30, 2021	June 30, 2020
Salaries and wages	1,860,973	1,659,461
SSS, Philhealth and HDMF	101,939	108,909
Others	901,436	1,316,278
	2,864,348	3,084,648

Note 16 – Other Operating expenses

Other operating expenses for the period January 1 to June 30, 2021 and 2020 consist of:

	June 30, 2021	June 30, 2020
Taxes and licenses	1,410,990	210,584
Transportation and travel	796,412	878,673
Communication, light and water	256,141	214,627
Other fees	250,000	250,000
Miscellaneous	2,431,054	2,900,327
	5,144,597	4,454,211

Note 17- Contingencies

In the normal course of business, the Group is a defendant of a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by corporation which was formerly a co-shareholder of the Parent Company. Details of this pending case follow:

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Group. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Group.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under current liabilities.

Note 18 - Financial risk and capital management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.
The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

18.1 Market risk

(a) Foreign exchange risk
The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

The reasonably possible movement in foreign currency exchange rates is based on projection by the Company using five year moving average historical experience.

(b) Price risk
The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss, investment properties and available-for-sale financial assets presented under other non-current assets in the consolidated statement of financial position. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

(c) Interest rate risk
Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable and borrowings. These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rates.

18.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Maximum exposure to credit risk
The Group's exposure to credit risk primarily relates to cash in banks and financial receivables.

18.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

18.4 Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

18.5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at June 30, 2021 and December 31, 2020, the Group's financial assets at fair value through profit or loss and available-for-sale financial assets are classified under Level 1 while investment properties are classified under Level 3 category. The Group uses the market approach for its investment properties. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

18.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

Note 19 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities.
Estimates, assumptions and judgments 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.

19.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 7)
The following are the significant assumptions used by the independent appraiser to calculate the investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Investment properties in 2021 and 2020 amounted to P527.8 million. Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P52.8 million higher or lower.

Retirement benefits
The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

19.2 Critical accounting judgments

(a) Impairment of financial assets
The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Recognition of deferred income tax assets
Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

(c) Entities in which the Group holds less than 50% interest
Management consider that the Parent Company has de facto control over TAC, MAC, TTCI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent Company has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's consolidated financial statements. Management has assessed the level of influence that the Group has on PIHI and determined that it has no significant influence with an ownership of 11.40% in 2019 and 2018 and control has not been established. Consequently, this investment previously classified as an associate has been reclassified to financial assets at FVPL in 2018.

(d) Impairment of investment properties
The Group's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property

registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P527.800 million as at June 30, 2021 and December 31, 2020. No impairment loss was recognized on investment properties for the period ended June 30, 2021 and the year ended December 31, 2020.

(e) Provision for litigation claims
The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The provision for litigation claims is based on the final decision rendered by the Court of Appeals. The Parent Company's management and legal counsel believe that the liabilities under these lawsuits or claims will not have a material impact on the Group's consolidated financial statements. The Group's provision for litigation claims amounted to P47.77 million as at June 30, 2021 and December 31, 2020 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency
The Parent Company is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceedings.

Note 20 - Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

20.1 Basis of preparation
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 18.

20.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments and improvements to existing standards and interpretations are effective for the financial year beginning on January 1, 2018 which are relevant to the Group's financial statements:

The Group has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments
- PFRS 15, 'Revenue from Contracts with Customers'

The Group had to change its accounting policies following the adoption of PFRS 9 and PFRS 15. There were no restrospective adjustments in relation to the adoption. The details of the Company's adoption are disclosed in Note 19.26.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or

the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a simplified approach that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). The Parent Company is a lessor on all of its lease agreements, hence, the adoption of the standard will not impact the Group's separate financial statements.

20.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at June 30, 2021 and December 31, 2020. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

All subsidiaries are domestic companies registered and doing business in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stock. The subsidiaries' registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying 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 Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not
re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%; (2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions- that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

20.4 Cash

Cash consist of cash on hand and deposits at call with banks. They are stated at face value or nominal amount.

20.5 Financial instruments

20.5.1 Classification
The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets
From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

As at June 30, 2021 and December 31, 2020, the Group has financial assets classified as financial assets at amortized cost and financial assets at FVPL.

(i) Financial assets at amortized cost
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank (Note 24.4) and notes and other receivables.

(ii) Financial assets at FVPL
Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Company's financial assets at FVPL are classified under this category.

(b) Financial liabilities
The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) and advances from related parties.

20.5.2 Recognition and measurement

(a) Initial recognition and measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

(b) Subsequent measurement
(i) Financial assets at amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

(ii) Financial assets at FVPL
Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, including interest and dividend income and interest expense, are presented in profit or loss within fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

(iii) Financial liabilities
Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

20.5.3 Impairment
From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

20.5.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

20.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at June 30, 2021 and December 31, 2020, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

20.5.6 Accounting policies applied until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification
Until December 31, 2017, the Group classified its financial assets in the following categories:

- financial assets at FVPL,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement
Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial asset and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognized as follows:

- for financial assets at FVPL - in profit or loss within other gains (losses);
- for available-for-sale financial asset that is a monetary security denominated in a foreign currency - translation differences related to changes in the amortized cost of the security were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

(ii) Impairment
The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

20.6 Notes and other receivables
Notes and other receivables represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 20.5.

20.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the consolidated statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

20.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation, amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation or amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

20.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

20.10 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity
specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2, respectively.

20.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

20.12 Accounts payable and other liabilities

Accounts payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are measured at the original invoice amount (as the effect of discounting is immaterial).

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 20.5.

20.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

20.14 Employee benefits

(a) *Retirement benefit obligation*
The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits
The Parent Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Parent Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

20.15 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary
difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

20.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

20.17 Subscription payable

Subscription payable represents unpaid portion of share capital subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.
Subscription payable is derecognized when the obligation has been paid.

20.18 Deposit for future share subscriptions

Deposit for future share subscriptions represents amounts received from shareholder which will be settled by way of issuance of the Parent Company's own shares on future date.

Deposit for future share subscriptions is derecognized once share has been issued or the shareholder cancels the subscription.

20.19 Share capital

(a) Common shares
Share capital consists of common shares, which are stated at par value, that are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Share premium
Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

(c) Treasury shares
Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

20.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the Parent Company by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

20.21 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Dividend income
Dividend income is recognized when the right to receive payment is established.

(d) Other income
Other income is recognized when earned.

(e) Expenses
Expenses are recognized when they are incurred.

20.22 Leases

(a) The Group is the lessor

Properties leased out under operating leases are included in "Investment properties" in the consolidated statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

20.23 Foreign currency transactions and translation

(a) Functional and presentation currency
Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

20.24 Related party relationships and transactions

*(a) **Related party relationship***
A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction
Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

20.25 Contingency

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are also not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is virtually certain.

20.26 Change in accounting policy

This note explains the impact of the adoption of PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on the Group's financial statements.

(a) PFRS 9, Financial Instruments

The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods.

As permitted by the transitional provisions of PFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Specified below are the disclosures relating to the impact of the adoption of PFRS 9 on the Group. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 19.5.

(i) Classification and measurement

The closing balances of cash in bank and notes and other receivables as at December 31, 2017 amounting to P5,620,579 and P196,021,880, respectively, show loans and receivables under amortized cost. As at January 1, 2018, these were reclassified into financial assets at amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash in bank and notes and other receivables in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

(b) PFRS 15, Revenue from Contracts with Customers

PFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The Group's revenue contracts do not have performance obligations other than to lease its investment properties. The adoption did not require any change in the Group's current revenue recognition policy.

20.27 Subsequent events (or events after the reporting date)

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

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine Financial Reporting Standards.

On November 18, 2020, the Group entered into an agreement for the development of a low-cost housing development project. As at June 30, 2021, the project is still under development with expected completion by November 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of our corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The above plans will contribute to improve the results of operation of the Group in the following years.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of financial markets.

The Company's equity position is in compliance with the minimum statutory requirements applicable to public companies. Given the very limited operating activities undertaken by the Group, it does not require intensive capitalization. The Group's main objective is to ensure it has adequate capital moving forward to pursue its land disposal plans at optimum gain.

Other than its gear towards opening projects on affordable housing, the Group does not anticipate other heavy requirement for working capital in 2021.

Financial Position

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	Increase (Decrease)	%
Current Assets	486,391,896	495,310,647	(8,918,751)	(1.80%)
Non-current Assets	529,004,097	529,034,814	(30,717)	(0.01%)
Total Assets	1,015,395,993	1,024,345,461	(8,949,468)	(0.87%)
Current Liabilities	276,925,835	277,858,549	(932,714)	(0.34%)
Non-current Liabilities	161,399,804	161,399,804	-	0.00%
Equity	577,070,354	585,087,108	(8,016,754)	(1.37%)

Explanation to Accounts with Material Variance (June 2021 vs. December 2020)

Current Assets
Cash amounted to P184.311 million as of June 30, 2021 as compared to P212.752 million as of December 31, 2020, or a decrease of 13% or P28.44 million attributed mainly to cash used for working capital and for development of the affordable housing project.

Financial assets at fair value through profit or loss amounted to P251.327 million as of June 30, 2021 as compared to P251.620 million as of December 31, 2020, or a decrease of 0.12% or P0.293 million mainly due to recognition of unrealized loss on revaluation of securities as of end of June 2021.

Real estate held for sale amounted to P27.139 million as of June 30, 2021 as compared to P17.664 million as of December 31, 2020, or an increase of 54% or P9.474 million mainly attributed to the cost of accomplishment as of reporting period.

Other current assets amounted to P23.616 million as of June 30, 2021 as compared to P13.274 million as of December 31, 2020, or an increase of P10.341 million or 78% mainly due to prepayments and advances.

Non-Current Assets
Property and equipment, net amounted to P1.204 million as of June 30, 2021 as compared to P1.235 million as of December 31, 2020, or a decrease of 2% or P30.7k mainly due to acquisition of additional office equipment net of depreciation charges for the period.

Investment properties amounted to P527.800 million as of June 30, 2021 and December 31, 2020. There is no increase in appraised value recognized during the first two quarters of 2021.

Current Liabilities
Accounts payable and other current liabilities amounted to P11.608 million as of June 30, 2021 as compared to P12.542 million as of December 31, 2020, or a decrease of 7% or P0.935 million mainly due to payments/remittances.

Equity
Retained Earnings (Deficit) amounted to (P530.265 million) as of June 30, 2021 and (P523.341 million) as of December 31, 2020, or an increase in Deficit of P6.924 million attributed mainly to the net loss incurred by the Group for the first two quarters.

Results of Financial Operations

January to June 2021 compared with January to June 2020

	Six Months Ended June 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	463,899	3,309,109	(2,845,210)	(85.98%)
Expenses	9,073,637	83,512,919	(74,439,282)	(89.14%)
Finance Income (Cost)	597,249	1,368,378	(771,129)	(56.35%)
Net Income (loss)	(8,016,754)	(78,901,338)	70,884,584	(89.84%)

A comparative review of the Registrant's financial operations for the six-months period ended June 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P2.8 million or 86% mainly due to decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021. There are no new occupants as of June 30, 2021. Total expenses decreased by P74.4 million or 86% mainly due to the unrealized loss on revaluation of securities of P75.3 million recognized in 2020 which contributed to the amount of loss. Total Finance Income decreased by P0.771 million mainly due to decrease in interest income on notes receivables as a result of final settlement. Interest income as of June 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P52K as compared to P96K foreign exchange loss in 2020.

Net loss before income taxes registered at P8.012 million for the first two quarters of 2021 and net loss after income tax provision amounted to P8.017 million.

April to June 2021 compared with April to June 2020

	Three Months Ended June 30			
	2021	**2020**	**Increase (Decrease)**	**%**
Income	9,569,961	26,304,313	(16,734,352)	(63.62%)
Expenses	3,524,806	2,842,689	682,117	24.00%
Finance Income (Cost)	249,581	167,174	82,407	49.29%
Net Income (loss)	6,294,461	23,602,469	(17,308,008)	(73.33%)

A comparative review of the Registrant's financial operations for the three-months period ended June 30, 2021 vis-à-vis the same period of prior year showed the following:

Total Income decreased by P16.7 million or 64% mainly due to: (1) decrease in rental revenue as contracts of tenants occupying the office units ended in December 2020 and January 2021, there are still no new occupants as of June 30, 2021; and, (2) decrease in unrealized gain on revaluation of securities during the three month period April to June from P24.951 million in 2020 to P9.461 million in 2021. Total expenses increased by P0.682 million or 24%. Total Finance Income is higher in 2021 by P82K. Interest income as of June 2021 pertains only to bank deposit accounts. Foreign exchange gains in 2021 amounted to P7K as compared to P127K foreign exchange loss in 2020.

Net income before and after income taxes registered at P6.294 million for the quarter April to June 2021.

There is no significant element of income that did not arise from the Registrant's continuing operations, neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

The Company does not have any material commitment for capital expenditures, in the short-term. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its marketable securities. In the event that the Company will be required to settle its liabilities to third parties, it can do so by selling its listed securities and calling for payment of its notes and accounts receivable.

The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

ITEM 3 - KEY PERFORMANCE INDICATORS

The Company's key performance indicators are the following:

(In Percentage)

	June 30, 2021	Dec. 31, 2020
Net profit (loss) ratio	(17.2812)	0.9514
Return on assets	(0.0079)	0.0897
Return on equity	(0.0139)	0.1571
Current ratio	1.7564	1.7826
Acid test ratio	1.5731	1.6713
Debt to equity	0.7596	0.7508
Debt to asset	0.4317	0.4288
Asset to equity	1.7596	1.7508
Interest coverage	-	-
Earnings (loss) per share	(0.0071)	0.0655

Notes:
1) Net profit ratio is computed by getting the ratio of Consolidated Net Income (Loss) to Total Revenues.
2) Return on assets is derived at by dividing Net income by Total Assets.
3) Return on Equity is arrived at by dividing Net income by Total Stockholders' equity.
4) Current Ratio is expressed as Current Assets : Current Liabilities.
5) Acid Test Ratio is expressed as total of Cash on hand and in banks + Financial assets at fair value+ Receivables : Current Liabilities.
6) Debt to equity is computed by dividing Total liabilities by Total stockholders' equity.
7) Debt to assets is expressed as Total liabilities: Total assets
8) Asset to equity is computed by dividing Total assets over Total stockholders' equity.
9) Interest coverage is arrived at by dividing Operating income by Interest expense.
10) Earnings (loss) per share is arrived at by dividing the Consolidated Net Income (Loss) attributable to Equity Holders of the Parent Company over the average no. of the outstanding common shares.

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

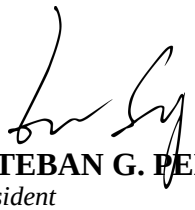
Notes required to be disclosed but are not applicable to the Registrant are indicated below:

a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

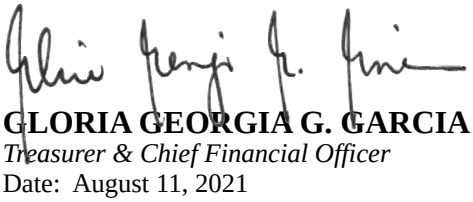
SIGNATURES

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.

MABUHAY HOLDINGS CORPORATION
Issuer



ESTEBAN G. PEÑA SY
President
Date: August 11, 2021



GLORIA GEORGIA G. GARCIA
Treasurer & Chief Financial Officer
Date: August 11, 2021

MABUHAY HOLDINGS CORPORATION

Financial Statements

As of September 30, 2021

In Philippine Peso

(Unaudited)

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2021 AND DECEMBER 31, 2020
(All amounts in Philippine Peso)

	Notes	Unaudited September 30, 2021	Audited December 31, 2020
ASSETS			
Current Assets			
Cash	2	₱180,765,487	₱212,751,853
Financial assets at fair value through profit or loss	3	203,875,440	251,619,701
Real estate held for sale	4	32,230,302	17,664,378
Other current assets	5,13	28,865,186	13,274,715
Total current assets		445,736,415	495,310,647
Non-Current Assets			
Property and equipment, net	6	1,066,230	1,234,864
Investment properties	7	527,799,950	527,799,950
Total non-current assets		528,866,180	529,034,814
TOTAL ASSETS		₱974,602,595	₱1,024,345,461
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	8	₱21,507,472	₱12,542,196
Borrowings	9,13	13,624,642	13,624,642
Advances from related parties	13	9,245,534	9,226,385
Provision for litigation claims	17	47,770,052	47,770,052
Deposit for future share subscriptions	10	194,695,274	194,695,274
Total current liabilities		286,842,974	277,858,549
Non-Current Liabilities			
Provision for retirement benefits		3,342,349	3,342,349
Deferred income tax liabilities, net		158,057,455	158,057,455
Total non-current liabilities		161,399,804	161,399,804
Total Liabilities		448,242,778	439,258,353
EQUITY			
Attributable to Shareholders of the Parent Company			
Share capital	11	₱975,534,053	₱975,534,053
Treasury shares	11	(58,627,864)	(58,627,864)
Retained earnings (deficit)		(578,267,459)	(523,340,931)
		338,638,730	393,565,258
Non-controlling interest		187,721,087	191,521,850
Total equity		526,359,817	585,087,108
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		₱974,602,595	₱1,024,345,461

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Notes	Quarters Ended July 1 - September 30 2021	2020	Year-to-Date January 1 - September 30 2021	2020
INCOME					
Rental	7	₱227,946	₱2,680,037	₱654,476	₱5,943,199
Gain on fair value change in investment properties		-	60,635,000	-	60,635,000
Unrealized gain on revaluation of securities		-	53,932,594	-	-
Others		5,231	7,596	42,600	53,543
		233,177	117,255,227	697,076	66,631,742
EXPENSES					
Salaries and employee benefits	15	1,337,029	1,225,409	4,201,377	4,310,057
Depreciation		137,917	118,517	403,773	355,264
Professional fees		448,984	259,804	954,951	655,207
Unrealized loss on revaluation of securities		47,451,392	-	47,744,261	21,409,316
Other operating expenses	16	2,019,384	2,045,027	7,163,981	6,499,238
		51,394,706	3,648,757	60,468,343	33,229,082
INCOME (LOSS) FROM OPERATIONS		(51,161,529)	113,606,470	(59,771,267)	33,402,660
FINANCE INCOME (COST)					
Interest income	2,4	208,626	1,211,641	754,346	2,675,707
Foreign exchange gains (losses), net		244,646	(143,594)	296,175	(239,282)
		453,272	1,068,047	1,050,521	2,436,425
INCOME (LOSS) BEFORE INCOME TAX		(50,708,257)	114,674,517	(58,720,746)	35,839,085
PROVISION FOR INCOME TAX		2,280	18,243,458	6,545	18,309,364
NET INCOME (LOSS)		(50,710,537)	96,431,059	(58,727,291)	17,529,721
OTHER COMPREHENSIVE INCOME (LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱50,710,537)	₱96,431,059	(₱58,727,291)	₱17,529,721
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the Parent Company		(₱48,002,564)	₱67,299,523	(₱54,926,528)	(₱7,767,407)
Non-controlling interest		(2,707,973)	29,131,536	(3,800,763)	25,297,128
		(₱50,710,537)	₱96,431,059	(₱58,727,291)	₱17,529,721
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Shareholders of the Parent Company		(₱48,002,564)	₱67,299,523	(₱54,926,528)	(₱7,767,407)
Non-controlling interest		(2,707,973)	29,131,536	(3,800,763)	25,297,128
		(₱50,710,537)	₱96,431,059	(₱58,727,291)	₱17,529,721
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company		(0.04921)	0.06899	(0.05630)	(0.00796)

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Equity Holders of the Company				
	Share Capital (Note 11)	Treasury Shares (Note 11)	Retained Earnings (Deficit)	Non-controlling Interest	Total
Balances at December 31, 2019	₱975,534,053	(₱58,627,864)	(₱587,193,449)	₱163,448,364	₱493,161,104
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(7,767,407)	25,297,128	17,529,721
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(7,767,407)	25,297,128	17,529,721
Balances at September 30, 2020	₱975,534,053	(₱58,627,864)	(₱594,960,856)	₱188,745,492	₱510,690,825
Balances at December 31, 2020	₱975,534,053	(₱58,627,864)	(₱523,340,931)	₱191,521,850	₱585,087,108
Comprehensive Income (Loss)					
Net income (loss) for the period	-	-	(54,926,528)	(3,800,763)	(58,727,291)
Other comprehensive income (loss)	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	(54,926,528)	(3,800,763)	(58,727,291)
Balances at September 30, 2021	₱975,534,053	(₱58,627,864)	(₱578,267,459)	₱187,721,087	₱526,359,817

See accompanying notes to consolidated financial statements.

MABUHAY HOLDINGS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED SEPTEMBER 30, 2021 AND 2020

(All amounts in Philippine Peso)

Unaudited

	Jan 1 - Sept 30 2021	Jan 1 - Sept 30 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME (LOSS) BEFORE INCOME TAX	(₱58,720,746)	₱35,839,085
Adjustments for:		
Unrealized loss on revaluation of securities	47,744,261	21,409,316
Depreciation	403,773	355,264
Gain on fair value change in investment properties	-	(60,635,000)
Interest income	(754,346)	-
Dividend income	(37,369)	(45,947)
Operating profit (loss) before working capital changes	(11,364,427)	(3,077,282)
Decrease (increase) in:		
Real estate held for sale	(14,565,924)	-
Other current assets	(15,590,471)	(365,379)
Increase (decrease) in:		
Accounts payable and other current liabilities	8,958,731	(1,198,805)
Advances from related parties	19,149	-
Cash provided by (used in) operating activities	(32,542,942)	(4,641,466)
Collection of notes receivables	-	60,000,000
Interest received	754,346	-
Dividend received	37,369	45,947
Net cash generated from (used in) operating activities	(31,751,227)	55,404,481
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(235,139)	(8,591)
Net cash provided by (used in) investing activities	(235,139)	(8,591)
NET INCREASE (DECREASE) IN CASH	(31,986,366)	55,395,890
Cash at January 1	212,751,853	181,600,097
Cash at September 30	₱180,765,487	₱236,995,987

See accompanying notes to consolidated financial statements.

Mabuhay Holdings Corporation and Subsidiaries
Notes to Consolidated Financial Statements
As at September 30, 2021 and December 31, 2020
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information; status of operations

a) Corporate information

Mabuhay Holdings Corporation (the Company or Parent Company) was incorporated in the Philippines on April 6, 1988 primarily to engage in the acquisition of and disposal of investments in marketable securities, shares of stock and real estate properties. The Parent Company is 29.83% owned by Zenith Element Limited, a company incorporated and registered under the laws of the British Virgin Islands on April 17, 2018 as an investment holding company. The remaining 70.17% is owned by various individuals and corporations. The Parent Company's common shares were listed in the Philippine Stock Exchange (PSE) in 1990. Other than its share listing in 1990, there were no other share offerings subsequent thereto. The Parent Company is considered a public company under Rule 3.1 of the Implementing Rules and regulations of the Securities Regulation Code when it listed its shares in the PSE in 1990.

The Company's registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

The Parent Company has 8 employees as at September 30, 2021 and December 31, 2020.

b) Status of operations

Settlement of receivables with PIHI

In 2019, the Group had long outstanding receivables from its then main associate, Philippine Infradev Holdings Inc. (formerly IRC Properties Incorporated) (PIHI) related to rent and notes receivables. The Group continuously engaged in several discussions with PIHI for the final settlement of the outstanding balance and had issued demand letters to PIHI for full collection of the amount due. On June 12, 2020, the Group and PIHI entered into a final settlement agreement and the Group collected P60.00 million as full settlement, which resulted in a loss on write-off of uncollectible receivables amounting to P64.58 million.

COVID-19 impact and assessment

In March 2020, the Philippine Government declared a community quarantine in several areas that has resulted in significant disruptions in the local business operations and trading activities in the Philippine stock exchange. The Group has suspended its normal operations based on the quarantine guidelines.

The Group has significant investments in traded equity instruments classified as financial assets at FVPL. The market values of these traded equity instruments have been heavily affected by the pandemic and have declined more than 40 percent in 2019 resulting in a revaluation loss of P171.43 million. The stock market has since rebounded, and the Group's traded equity valuation has improved by 13 percent posting gains amounting to P29.31 million for the year ended December 31, 2020. The Group has not acquired or disposed any listed equity shares during the year (Note 3).

As for its investment properties, the current tenants of the Parent Company have not renewed their lease agreements and the Parent Company is actively seeking for new tenants.

The Group is still unable to assess the full impact of the pandemic on its future financial position and the results of operations. Management is of the opinion that the Group's cash flows will continue to satisfy the Company's current working capital requirements for the next twelve months. The Subsidiaries in the Group are currently dormant and have no significant working capital requirement.

Current status of operations; future plans

The Group has no significant commercial operations for the three years in the period ended December 31, 2020. The Group's activities consist mainly of preservation and maintenance of existing investment properties.

On November 18, 2020, the Group entered into an agreement for the development of an affordable housing project. As at September 30, 2021, the project is still under development with expected completion by last quarter of 2021.

The Group plans to use the proceeds from the sale of PIHI shares and the settlement payment to acquire properties for rental purposes and concentrate on this as its main short-term operating activity. Management believes that this move is strategic and will be beneficial for the Group in the long run. The Group intends to become more liquid and flexible while pursuing bigger urban real property development projects together with its foreign business partners.

The following comprise the Group's short-term and long-term plans:

1. To acquire developed properties with the intention of converting such properties for lease operations;
2. To acquire properties for development and to lease these properties;
3. To acquire properties for development of affordable housing units as part of our corporate social responsibility to contribute to the housing requirements of the country;
4. To continue to retain its investment in stocks of PIHI for capital appreciation and eventual cash flows from future dividend declarations, and to invest in stocks listed in the Philippine Stock Exchange on a broader scope; and
5. To continue to retain its investment properties for appreciation, and to plan for the possible development of the prime properties.

The planned acquisitions of rental yielding properties are expected to generate sustained cash inflows to support the Group's operations. Moreover, the remaining investment in PIHI is expected to generate substantial dividend yield in the future upon completion of PIHI's real estate projects in Binangonan, and the construction and operation of the Makati Subway System under the Public-Private Partnership Program of the Makati City Government and other major projects.

The above plans will contribute to improve the results of operation of the Group in the future. Accordingly, the Group's consolidated financial statements have been prepared on a going concern basis.

Note 2 - Cash

The account at September 30 and December 31 consists of:

	Sept 30, 2021	Dec 31, 2020
Cash on hand	30,000	15,000
Cash in banks	180,735,487	212,736,853
	180,765,487	212,751,853

Cash in banks earn interest at the prevailing bank deposit rates.

Note 3 - Financial assets at fair value through profit or loss

Movements in financial assets at fair value through profit or loss (FVPL) for the period ended September 30, 2021 and the year ended December 31, 2020 are as follows:

	Sept 30, 2021	Dec 31, 2020
Balance as at beginning of period	251,619,701	224,282,097
Gain (loss) on revaluation of securities	(47,744,261)	27,337,604
Additions	-	-
Disposals	-	-
Balance as at end of period	203,875,440	251,619,701

The account as at September 30, 2021 and December 31, 2020 consists of listed equity shares with fair value based on current bid prices in an active market (level 1 valuation). Changes in fair values of financial assets at fair value through profit or loss are recorded in unrealized gain (loss) on revaluation of securities in profit or loss.

In 2020, the Group has not acquired or sold any listed equity shares.

Dividends earned amounted to P42,600 for the quarters ended September 30, 2021 and P232,482 for the year ended December 31, 2020 credited to profit and loss.

Note 4 - Real estate held for sale

The Group's real estate held for sale pertains to the accumulated construction and development costs incurred for the unsold low-cost housing units as at September 30, 2021. As at September 30, 2021, all units are still under construction. The project is expected to be completed by last quarter of 2021.

Note 5 - Other current assets

The account at September 30 and December 31 consists of:

	Sept 30, 2021	Dec 31, 2020
Prepayments	2,800,614	3,238,698
Other receivables -		
Advances to contractor	20,413,953	4,951,234
Advances to third parties	2,526,097	2,514,272
Due from related parties	745,307	657,925
Interest receivable	600,000	600,000
Advances to employees	742,242	254,990
Dividend receivable	149,966	149,966
Others	887,007	907,630
	26,064,572	10,036,017
	28,865,186	13,274,715

Advances to contractor pertain to payments made by the Group for the construction and development of a low-cost housing project. These are applied to progress billings received from the contractor.

Advances to third parties are cash advances made to third parties and are collectible in cash.
Prepayments mainly comprise of prepaid taxes and insurance.

Other receivables pertain to communication, utilities, repairs and maintenance billed to its tenants.

Note 6 - Property and equipment

Details of property and equipment as at and for the periods ended September 30, 2021 and December 31, 2020 follow:

	Furniture and fixtures	Office equipment	Communication and other equipment	Office condominium	Transportation equipment	Building improvements	Total
COST							
Balances as at December 31, 2020	1,662,116	903,481	185,182	13,746,305	7,530,090	3,859,242	27,886,416
Additions	-	235,139	-	-	-	-	235,139
Disposals	-	(13,669)	-	-	-	-	(13,669)
Balances as at September 30, 2021	1,662,116	1,124,951	185,182	13,746,305	7,530,090	3,859,242	28,107,886
ACCUMULATED DEPRECIATION							
Balances as at December 31, 2020	1,662,116	746,491	180,414	13,746,305	6,456,984	3,859,242	26,651,552
Additions	-	56,062	3,904	-	343,807	-	403,773
Disposals	-	(13,669)	-	-	-	-	(13,669)
Balances as at September 30, 2021	1,662,116	788,884	184,318	13,746,305	6,800,791	3,859,242	27,041,656
NET BOOK VALUES							
December 31, 2020	0	156,990	4,768	0	1,073,106	0	1,234,864
September 30, 2021	**0**	**336,067**	**864**	**0**	**729,299**	**0**	**1,066,230**

Depreciation expense of P403,773 for the period ended September 30, 2021 is charged to expenses. Assets no longer in use were retired amounting to P13,669 during the period.

Note 7 - Investment properties

The Group's investment properties include several parcels of land and condominium units held for lease. Land includes properties of The Taal Company, Inc. (TTCI) and Tagaytay Properties and Holdings Corporation (TPHC), subsidiaries, held for appreciation purposes, including those in Batangas and Tagaytay City with a total land area of 29 hectares. The condominium unit, which is located in Makati with a total floor area of 676 square meters, is being leased out to third parties by the Parent Company.

Note 8 – Accounts payable and other current liabilities

The account at June 30 and December 31 consists of:

	Sept 30, 2021	Dec 31, 2020
Accounts payable and other accrued expenses	7,704,670	7,917,523
Buyer's deposit	7,500,187	-
Accrued interest on borrowings	2,879,506	2,879,506
Deposits from customers	3,342,206	852,000
Withholding taxes payable	56,994	632,049
Income taxes payable	21,409	258,618
Subscription payable	2,500	2,500
	21,507,472	12,542,196

Accounts payable and accrued expenses represent third party payables and accruals on employee benefits, legal and other professional fees all payable on demand. Buyer's deposit represent the initial downpayment on the purchase of properties sold by TPHC and TTCI.

Note 9 - Borrowings

Borrowings at September 30 and December 31 consist of unsecured short-term interest-bearing loans obtained from the following:

	Sept 30, 2021	Dec 31, 2020
Third party	-	-
Related party	13,624,642	13,624,642
	13,624,642	13,624,642

The net debt reconciliation as at September 30 and December 31 is presented below:

	Sept 30, 2021	Dec 31, 2020
Borrowings as at beginning of period	13,624,642	13,624,642
Changes arising from:		
Cash flows	-	-
Non-cash flows	-	-
Borrowings as at end of period	13,624,642	13,624,642
Cash as at end of period	(180,765,487)	(212,751,853)
Net debt as at end of period	(167,140,845)	(199,127,211)

Note 10 - Deposits for future share subscriptions

In 1997, the Parent Company received from certain shareholders deposits on future stock subscriptions amounting to P241.62 million. Movements of P46.93 million in 2008 pertain to cancellation of subscription with the amount previously received as deposits applied against the Group's advances to concerned shareholders. There were no movements in the account for 2021 and 2020.

It is the intention of the shareholders that these balances represent deposits for future capital subscription. However, the plan of the Company's management has been put on hold and such has been presented as liability only for the purpose of complying with Financial Reporting Bulletin No. 6 issued by SEC. The management considers issuing equivalent equity ownership upon development of concrete plans on the improvement of the operations of the Company.

Note 11 - Equity

(a) Share capital

Share capital at September 30, 2021 and December 31, 2020 consist of:

Common shares – P1 par value	
Authorized	4,000,000,000
Subscribed and issued	1,200,000,000
Subscriptions receivable	(224,465,947)
Paid, issued and outstanding	975,534,053
Treasury shares	(58,627,864)
	916,906,189

(b) Treasury shares

Treasury shares represent investment of Mindanao Appreciation Corporation (MAC), a subsidiary, in the Parent Company's shares.

Note 12 - Basic and diluted earnings per share

The computation of basic earnings per share for the period ended September 30 and December 31 follows:

	2021	2020
Net income (loss) attributable to shareholders of the Parent Company	(₱54,926,528)	₱63,852,518
Divided by the average no. of outstanding common shares	975,534,053	975,534,053
Basic earnings per share	(0.05630)	0.0655

Basic and diluted earnings per share are the same due to the absence of dilutive potential common shares.

Note 13- Related party transactions

The Group's transactions with related parties include those with associates and other related parties described below:

a) Due from related parties

Details of the accounts at September 30 and December 31 follow:

	Sept 30, 2021	Dec 31, 2020
Entities under common control		
Intrinsic Value Management (IVM) Phil. Strategic International Holdings Inc. (PSIHI) South China Holdings Corporation (SCHC)	745,307	657,925

b) Due to related parties

This account is composed of advances from the following related parties which were obtained for working capital purposes:

	Sept 30, 2021	Dec 31, 2020
Borrowings from		
Entity under common control Intrinsic Value Management (IVM)	13,624,642	13,624,642
Advances from		
Entity under common control Intrinsic Value Management (IVM) Phil. Strategic International Holdings Inc. (PSIHI)	9,228,288	9,226,385

The above advances are non-interest bearing and are payable on demand thus, considered current.

Note 14 - Leases - the Company as Lessor

The Parent Company occupies a portion of its investment property and uses it as an office space. The portion which is owner-occupied is properly classified as property and equipment. The remaining portion is leased to other parties.

Note 15- Salaries and employee benefits

Salaries and employee benefits for the period January 1 to September 30, 2021 and 2020 consist of:

	Sept 30, 2021	Sept 30, 2020
Salaries and wages	3,266,526	2,618,939
SSS, Philhealth and HDMF	152,879	141,426
Others	781,972	1,549,692
	4,201,377	4,310,057

Note 16 – Other Operating expenses

Other operating expenses for the period January 1 to September 30, 2021 and 2020 consist of:

	Sept 30, 2021	Sept 30, 2020
Taxes and licenses	1,533,859	1,363,309
Transportation and travel	1,255,626	1,180,159
Communication, light and water	377,953	358,235
Other fees	250,000	250,000
Miscellaneous	3,746,543	3,347,535
	7,163,981	6,499,238

Note 17- Contingencies

In the normal course of business, the Group is a defendant of a case which is pending with the Court of Appeals. The case arose from a demand for payment of minimum guaranteed return on investment by corporation which was formerly a co-shareholder of the Parent Company. Details of this pending case follow:

The plaintiff (one of the co-shareholders) violated a number of the terms as stipulated under the agreement, including a direct purchase of the shares of the other shareholder without the consent of the Group. The agreement also contains a provision about guaranteed return.

In 1999, the plaintiff demanded full payment of the guaranteed return on its investment after audits of the fast craft business revealed a significant amount of loss, which demand was denied by the Group.

After divergent decisions by the arbitrator and regional trial court, the case was transferred to Court of Appeals for further proceedings. In 2013, a final decision has been rendered by the Court of Appeals, instructing the Company to pay the agreed guaranteed returns and arbitration costs including 12% interest calculated from the date of initial ruling amounting to P47,770,052 as shown in the statement of financial position under current liabilities.

Note 18 - Financial risk and capital management

The Group’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.
The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

The Management, under the direction of the Board of Directors of the Group is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group’s financial performance due to the unpredictability of financial markets.

18.1 Market risk

(a) Foreign exchange risk
The foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current commitments.

The reasonably possible movement in foreign currency exchange rates is based on projection by the Company using five year moving average historical experience.

(b) Price risk
The Group's exposure on price risk is minimal and limited only to investments classified as at fair value through profit or loss, investment properties and available-for-sale financial assets presented under other non-current assets in the consolidated statement of financial position. Changes in market prices of these investments are not expected to impact significantly the financial position or results of operations of the Group.

(c) Interest rate risk
Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include notes receivable and borrowings. These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not exposed to variability in cash flows as these carry fixed interest rates.

18.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

Maximum exposure to credit risk
The Group's exposure to credit risk primarily relates to cash in banks and financial receivables.

18.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding through advances from related parties within the Group, extending payment terms for due to related parties, and an efficient collection of its notes receivables from third parties. The Group likewise regularly evaluates other financing instruments to broaden the Group's range of financing resources.

18.4 Fair value of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate fair values at reporting dates due to the short-term nature of financial assets and liabilities.

18.5 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities. As at September 30, 2021 and December 31, 2020, the Group's financial assets at fair value through profit or loss and available-for-sale financial assets are classified under Level 1 while investment properties are classified under Level 3 category. The Group uses the market approach for its investment properties. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/amenities, bargaining allowance and others.

18.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern. For this purpose, capital is represented by total equity as shown in the consolidated statement of financial position, as well as deposit for future share subscriptions presented under liabilities.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There are no external minimum capitalization requirements imposed to the Group.

Note 19 - Critical accounting estimate and judgment

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities.
Estimates, assumptions and judgments 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.

19.1 Critical accounting estimate

Estimate of fair value of investment properties (Note 7)
The following are the significant assumptions used by the independent appraiser to calculate the
investment properties of the Group.

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

Investment properties in 2021 and 2020 amounted to P527.8 million. Where the estimated market value differs by 10% from management's estimates, the carrying amount of investment properties would have been P52.8 million higher or lower.

Retirement benefits
The present value of the defined benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate and rates of salary increases. In determining the appropriate discount rate, the Group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

19.2 Critical accounting judgments

(a) Impairment of financial assets
The loss allowances for cash, and notes and other receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(b) Recognition of deferred income tax assets
Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

(c) Entities in which the Group holds less than 50% interest
Management consider that the Parent Company has de facto control over TAC, MAC, TTCI and TPHC even though it has less than 50% of the voting rights. There is no history of other shareholders forming a group to exercise their votes collectively. Based on the absolute size of the Parent Company's shareholding and the relative size of the other shareholdings, management has concluded that the Parent Company has sufficiently dominant voting interest to have the power to direct the relevant activities of these entities. Consistent with PFRS 10, the entities have been fully consolidated into the Group's consolidated financial statements. Management has assessed the level of influence that the Group has on PIHI and determined that it has no significant influence with an ownership of 11.40% in 2019 and 2018 and control has not been established. Consequently, this investment previously classified as an associate has been reclassified to financial assets at FVPL in 2018.

(d) Impairment of investment properties
The Group's investment properties were tested for impairment where the recoverable amount was determined using the market approach. The value of the investment properties was based on sales and listings of comparable property registered within the vicinity premised on the factors of time, unit area/size, unit location, unit improvements, building location, building feature/ amenities, bargaining allowance and others which management believes are reasonable.

The carrying amount of investment properties amounted to P527.800 million as at September 30, 2021 and December 31, 2020. No impairment loss was recognized on investment properties for the period ended September 30, 2021 and the year ended December 31, 2020.

(e) Provision for litigation claims
The Parent Company is a party to certain lawsuits or claims arising from the ordinary course of business. The provision for litigation claims is based on the final decision rendered by the Court of Appeals. The Parent Company's management and legal counsel believe that the liabilities under these lawsuits or claims will not have a material impact on the Group's consolidated financial statements. The Group's provision for litigation claims amounted to P47.77 million as at September 30, 2021 and December 31, 2020 and is shown as a separate line item in the consolidated statement of financial position.

(f) Contingency
The Parent Company is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceedings.

Note 20 - Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

20.1 Basis of preparation
The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, investment properties and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 18.

20.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments and improvements to existing standards and interpretations are effective for the financial year beginning on January 1, 2018 which are relevant to the Group's financial statements:

The Group has applied the following new standards for the first time for its annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments
- PFRS 15, 'Revenue from Contracts with Customers'

The Group had to change its accounting policies following the adoption of PFRS 9 and PFRS 15. There were no restrospective adjustments in relation to the adoption. The details of the Company's adoption are disclosed in Note 19.26.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *PFRS 16, 'Leases'*, is the new standard for lease accounting that will replace PAS 17, 'Leases'. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the standard's approach to lessor accounting substantially unchanged from PAS 17. The standard is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted, but only in conjunction with PFRS 15, 'Revenue from Contracts with Customers'. In order to facilitate transition, entities can choose a simplified approach that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient, entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are

"grandfathered"). The Parent Company is a lessor on all of its lease agreements, hence, the adoption of the standard will not impact the Group's separate financial statements.

20.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at September 30, 2021 and December 31, 2020. The subsidiaries' financial statements are prepared for the same reporting year as the Parent Company. The Group uses uniform accounting policies, any difference between subsidiaries and the Parent Company are adjusted properly.

All subsidiaries are domestic companies registered and doing business in the Philippines and are principally engaged in the business of acquiring and disposing of interests in real and personal properties of any kind or description, marketable securities and shares of stock. The subsidiaries' registered office and principal place of business is at 35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying 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 Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not
re-measured, and its subsequent settlement is not accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

TPHC holds interests in the companies listed above namely: (1) The Angeles Corporation, 57.69%;
(2) The Taal Company, Inc., 55.64%; and (3) Mindanao Appreciation Corporation, 53.68%.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any

consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

20.4 Cash

Cash consist of cash on hand and deposits at call with banks. They are stated at face value or nominal amount.

20.5 Financial instruments

20.5.1 Classification
The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets
From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through OCI (FVOCI) or through profit or loss (FVPL), and
- those to be measured at amortized cost.

As at September 30, 2021 and December 31, 2020, the Group has financial assets classified as financial assets at amortized cost and financial assets at FVPL.

(i) Financial assets at amortized cost
Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current assets. The Group's financial assets at amortized cost comprise cash in bank (Note 24.4) and notes and other receivables.

(ii) Financial assets at FVPL
Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current.

The Company's financial assets at FVPL are classified under this category.

(b) Financial liabilities
The Group classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value); and financial liabilities at amortized cost.

The Group only has financial liabilities measured at amortized cost which include accounts payable and other current liabilities (excluding taxes payable and deferred rental income) and advances from related parties.

20.5.2 Recognition and measurement

(a) Initial recognition and measurement
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of comprehensive income under profit or loss.

(b) Subsequent measurement
(i) Financial assets at amortized cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Significant impairment losses are presented as a separate line item in the statement of total comprehensive income under profit or loss.

(ii) Financial assets at FVPL
Gains or losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss, including interest and dividend income and interest expense, are presented in profit or loss within fair value gain (loss) on financial assets at FVPL in the period in which these arise. Dividend income from financial assets at FVPL is recognized under profit or loss in the statement of total comprehensive income as a separate line item when the Group's right to receive payment is established.

(iii) Financial liabilities
Financial liabilities at fair value through profit or loss are subsequently carried at fair value. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss, including interest expense, are presented in profit or loss within 'Unrealized gain (loss) on securities' in the period in which these arise.

20.5.3 Impairment
From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

20.5.4 Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

20.5.5 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty. As at September 30, 2021 and December 31, 2020, there are no financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements.

20.5.6 Accounting policies applied until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

(i) Classification
Until December 31, 2017, the Group classified its financial assets in the following categories:

- financial assets at FVPL,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Subsequent measurement
Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortized cost using the effective interest method.

Available-for-sale financial asset and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognized as follows:

- for financial assets at FVPL - in profit or loss within other gains (losses);
- for available-for-sale financial asset that is a monetary security denominated in a foreign currency - translation differences related to changes in the amortized cost of the security were recognized in profit or loss and other changes in the carrying amount were recognized in other comprehensive income; and
- for other monetary and non-monetary securities classified as available-for-sale - in other comprehensive income.

(ii) Impairment
The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

20.6 Notes and other receivables
Notes and other receivables represent claims for which formal instruments of credit are issued as evidence of debt, such as a promissory note. The credit instrument normally requires the debtor to pay interest and extends for time periods.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Relevant accounting policies for classification, recognition, measurement and derecognition of notes and other receivables are presented in Note 20.5.

20.7 Prepayments

Prepayments are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments are derecognized in the consolidated statement of financial position as these expire with the passage of time or consumed in operations.

Prepayments are included in current assets, except when the related services are expected to be received or rendered for more than twelve months after the end of the reporting period, in which case, these are classified as non-current assets.

20.8 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation, amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation or amortization is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	3 to 5 years
Office equipment	5 years
Office condominium	25 years
Communication and other equipment	5 years
Building improvements	10 years
Transportation equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost, appraisal increase and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset and are included in profit or loss.

20.9 Investment properties

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

Investment properties principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuators. Changes in fair values are recorded in profit or loss as part of other income.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset. This is recognized in profit or loss.

Properties that are being constructed or developed for future capital appreciation are classified as investment properties.

20.10 Fair value measurement

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 of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The appropriate level is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of assets and liabilities that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity
specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. If one or more of the significant inputs is not based on observable market data, the asset or liability is included in Level 3.

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques for non-financial assets are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.
- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's financial assets at fair value through profit or loss and investment properties are classified under Level 1 and Level 2, respectively.

20.11 Impairment of non-financial assets

Assets that have an indefinite useful life - for example, land - are not subject to amortization and are tested annually for impairment. Assets that have definite useful life are subject to amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment loss has been recognized are reviewed for possible reversal of the impairment at each reporting date. An allowance is set-up for any substantial and presumably permanent decline in value of investments.

20.12 Accounts payable and other liabilities

Accounts payable and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Accounts payable and other liabilities are measured at the original invoice amount (as the effect of discounting is immaterial).

Relevant accounting policies for classification, recognition, measurement and derecognition of accounts payable and other liabilities and other financial liabilities are presented in Note 20.5.

20.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed as incurred.

20.14 Employee benefits

(a) *Retirement benefit obligation*
The Parent Company has less than 10 employees and has not yet formalized its employee retirement plan but it plans to provide retirement benefits. The retirement benefits under RA 7641 are considered as defined benefit plan. Defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement obligation is equivalent to half-month compensation and calculated proportionately to the length of service of an employee.

(b) Other short-term benefits
The Parent Company recognizes a liability and an expense for short-term employee benefits which include salaries, social security contributions, paid sick and vacation leaves. The Parent Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Liabilities for short-term employee benefits are derecognized when the obligation is settled, cancelled or has expired.

20.15 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been

enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary
difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are derecognized when related bases are realized or when it is no longer realizable.

20.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

20.17 Subscription payable

Subscription payable represents unpaid portion of share capital subscriptions initially measured at fair value and subsequently measured at amortized cost using effective interest method.
Subscription payable is derecognized when the obligation has been paid.

20.18 Deposit for future share subscriptions

Deposit for future share subscriptions represents amounts received from shareholder which will be settled by way of issuance of the Parent Company’s own shares on future date.

Deposit for future share subscriptions is derecognized once share has been issued or the shareholder cancels the subscription.

20.19 Share capital

(a) Common shares
Share capital consists of common shares, which are stated at par value, that are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

(b) Share premium
Share premium is recognized for the excess proceeds of subscriptions over the par value of the shares issued.

(c) Treasury shares
Where any member of the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Parent Company's shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Parent Company's shareholders.

20.20 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to the Parent Company by the weighted average number of common shares in issue during the year. Diluted earnings per share is computed in the same manner as basic earnings per share, however, profit attributable to common shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

20.21 Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the Group and specific criteria have been met for each of its activities as described below.

(a) Rental income

Rental income from operating leases (the Group is the lessor) is recognized as income on a straight-line basis over the lease term. When the Group provides incentives to its lessees, the cost of incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

(c) Dividend income
Dividend income is recognized when the right to receive payment is established.

(d) Other income
Other income is recognized when earned.

(e) Expenses
Expenses are recognized when they are incurred.

20.22 Leases

(a) The Group is the lessor

Properties leased out under operating leases are included in "Investment properties" in the consolidated statement of financial position. Rental income under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease.

(b) The Group is the lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When the Group enters into an arrangement, comprising a transaction or a series of related transactions, that does not take the legal form of a lease but conveys a right to use an asset or is dependent on the use of a specific asset or assets, the Group assesses whether the arrangement is, or contains, a lease. The Group does not have such arrangements.

20.23 Foreign currency transactions and translation

(a) Functional and presentation currency
Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

20.24 Related party relationships and transactions

*(a) **Related party relationship***
A related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprises and their key management personnel, directors, or its shareholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

(b) Related party transaction
Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party regardless of whether a price is charged or not.

20.25 Contingency

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are also not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is virtually certain.

20.26 Change in accounting policy

This note explains the impact of the adoption of PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on the Group's financial statements.

(a) PFRS 9, Financial Instruments

The Group has adopted PFRS 9 with a date of transition of January 1, 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. The Group did not early adopt PFRS 9 in previous periods.

As permitted by the transitional provisions of PFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of PFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Specified below are the disclosures relating to the impact of the adoption of PFRS 9 on the Group. Further details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 19.5.

(i) Classification and measurement

The closing balances of cash in bank and notes and other receivables as at December 31, 2017 amounting to P5,620,579 and P196,021,880, respectively, show loans and receivables under amortized cost. As at January 1, 2018, these were reclassified into financial assets at amortized cost. These reclassifications have no impact on the measurement categories. The financial assets at amortized cost include cash in bank and notes and other receivables in the statement of financial position.

There were no changes to the classification and measurement of financial liabilities.

(ii) Impairment of financial assets

From January 1, 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by PFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Group's management noted that the assessment of expected credit loss based on PFRS 9 is not materially different with current policy of the Group. As a result, there was no adjustment on the Group's retained earnings (deficit) as at January 1, 2018 as a result of the adoption of PFRS 9.

(b) PFRS 15, Revenue from Contracts with Customers

PFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and, thus has the ability to direct the use and obtain the benefits from the good or service. Under the new standard, the notion of control replaces the existing notion of risks and rewards.

The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations. A five-step process must be applied before revenue can be recognized which include: (i) identification of contracts with customers; (ii) identification of the separate performance obligation; (iii) determination of the transaction price of the contract; (iv) allocation of the transaction price to each of the separate performance obligations; and (v) recognition of revenue as each performance obligation is satisfied. Revenue may also be recognized earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome, etc.) - minimum amounts must be recognized if these are not at significant risk of reversal. Further, the point at which revenue is able to be recognized may shift: some revenue which is currently recognized at a point in time at the end of a contract may have to be recognized over the contract term and vice versa. The Group has adopted the new standard effective January 1. 2018. The Group's revenue contracts do not have performance obligations other than to lease its investment properties. The adoption did not require any change in the Group's current revenue recognition policy.

20.27 Subsequent events (or events after the reporting date)
Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.