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S.E.C. Registration Number

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(Company's Full Name)

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

Atty. Iris Marie Carpio-Duque

+63(2)6315139

Contact Person

Company Telephone Number

September 30, 2021

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Month

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Day

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FORM TYPE

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Secondary
License Type, If
Applicable

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Dept. Requiring this Doc.

Amended Articles
Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

-

Domestic

-

Foreign

To be accomplished by SEC Personnel concerned

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**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE**

1. For the Quarterly Period ended: **September 30, 2021**
2. SEC Identification Number: **14102**
3. BIR Tax Identification Number: **041-000-175-630**
4. Exact name of registrant as specified in its charter: **Anglo Philippine Holdings Corp.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office: **6th Floor Quad Alpha Centrum, 125 Pioneer Street,
Mandaluyong City 1550**
8. Registrant's telephone number, including area code: **(632) 631- 5139; (632) 635-6130**
9. Former name, former address, and former fiscal year if changed since last report: N. A.
10. Securities registered pursuant to Section 4 and 8 of the RSA:

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common Stock (P1.00 par value)	<u>3,003,302,538 (excluding 13,000,000 shares in Treasury Stock)</u>
Loans Payable and Long Term Debt	0.00

11. Are any or all of these securities listed on the Philippine Stock Exchange: **Yes**
12. Check whether the registrant:
 - a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code (SRC) and Section 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [X] No []
 - b) has been subject to such filing requirement held for the past 90 days.
Yes [X] No []
12. Documents incorporated by reference:
 - a) The Company's 2020 Audited Financial Statements.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements Required Under SRC Rule 68

1. The unaudited Consolidated Financial Statements of the Company for the quarter ended 30 September 2021 are included in this report. The schedules listed in the accompanying Index to Supplementary Schedules are filed as part of this SEC Form 17-Q.
2. Interim Statements of Comprehensive Income for the current interim period (01 January to 30 September 2021), with comparative Statement of Comprehensive Income for the comparable period (01 January to 30 September 2020) are attached to this report.
3. A statement showing changes in equity cumulatively for the current financial year to date period (01 January to 30 September 2021), with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (01 January to 30 September 2020) are attached to this report.
4. The basic and diluted earnings per share are presented on the face of the attached Statement of Comprehensive Income (01 January to 30 September 2021), as well as the basis of computation thereof.
5. The Company's interim financial report for the period ended 30 September 2021 has been prepared in accordance with Philippine Financial Reporting Standards (PFRS).
6. The Company follows the same accounting policies and methods of computation in its interim financial statements (01 January to 30 September 2021) compared with the most recent annual financial statements (2020), and **NO** policies or methods have been changed.
7. Owing to the nature of the business of the Company as an investments holding firm, there were **NO** seasonal or cyclical aspects that had a material effect on the financial condition or results of interim operations of the Company.
8. There were **NO** unusual items during the interim period (01 January to 30 September 2021), the nature, amount, size or incidents of which have affected the assets, liabilities, equity, net income or cash flows of the Company.
9. There were **NO** changes in the estimates of amounts reported in prior financial years (2020 and 2019) that had a material effect in the current interim period (01 January to 30 September 2021).
10. There were **NO** issuances, repurchases and repayments of debt and equity securities during the current interim period (01 January to 30 September 2021).
11. The Company does not generate revenues from any particular segment and its business (investment holding) is not delineated into any segment, whether by business or geography. The Company is not required to disclose segment information in its financial statements.
12. Up to the time of the filing of this Quarterly Report, there were **NO** material events subsequent to the end of the interim period (01 January to 30 September 2021) that have not been reflected in the financial statements for said interim period.

13. There were NO changes in the composition of the Company during the interim period (01 January to 30 September 2021), and there were no business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuance of operations during said interim period.
14. The Company has **NO** contingent liabilities or contingent assets as of its last annual balance sheet date (31 December 2020) and as of the end of the current interim period (01 January to 30 September 2021).
15. There are **NO** material contingencies and any other events or transactions that are material to an understanding of the current interim period (01 January to 30 September 2021).

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation

Financial Performance – Third Quarter 2021 (01 January to 30 September 2021)

Comparative financial highlights for the first three quarters of fiscal years 2021 and 2020 are presented below:

	<u>Consolidated Unaudited 30 Sept. 2021</u>	<u>Consolidated Unaudited 30 Sept. 2020</u>
Revenues	1,011,915,116	125,079,421
Net Income/(Loss)	980,422,901	96,058,975
Total Assets	10,070,268,304	9,577,529,501
Total Liabilities	3,842,015,992	3,816,969,398
Net Worth	6,228,252,314	5,760,560,103
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

Changes in Financial Condition – Third Quarter (January to September) 2021 vs. 2020

The Company posted P1.0 billion in revenues and a net income of P980.4 million as of end-September 2021, compared to P125.1 million in revenues and a net income of P96.1 million for the same period in 2020. The net income for the first three quarters of 2021 and 2020 were attributable to the Company's equity share in net income of associates during the period.

Total assets increase to P10.1 billion as of end-September 2021, compared to P9.6 billion as of end-September 2020, mainly due to the increased in Investment in associates due to the Company's equity share in net income of associates during the period.

Total liabilities increase to P3.84 billion as of end-September 2021, compared to P3.82 billion as of end September 2020, due to present value computation on the Company's subscription payable.

Net worth increase to P6.2 billion as of the end-September 2021 compared to P5.7 billion as of the end-September 2020 due to the amount of net income generated by the Company during the first three quarters of 2021.

Changes in Financial Condition –Third Quarter (Jan. to Sept.) 2021 vs. Full Year 2020

Comparative financial highlights for first three quarters of 2021 and yearend 2020 are presented below:

	<u>Consolidated Unaudited 30 Sept. 2021</u>	<u>Consolidated Audited 31 December 2020</u>
Revenues	1,011,915,116	91,955,917
Net Income/(Loss)	980,422,901	(172,219,300)
Total Assets	10,070,268,304	9,093,185,629
Total Liabilities	3,842,015,992	3,845,346,216
Net Worth	6,228,252,314	5,247,829,413
Issued and Outstanding Capital	3,003,302,538	3,003,302,538

As of the third quarter 2021, the Company posted revenues of P1.0 billion and a net income of P980.4 million, compared to revenues of P92.0 million and a net loss P172.2 million for the year 2020. The net income as at end-September 2021 was attributable to the Company's equity share in net income of its associates during the period. On the other hand, as of end December 2020, the Company incurred net losses due to the equity share in net losses of its associates and the provision of impairment losses on the Company's deferred exploration project.

The increase in Total Assets as of end-September 2021 compared to end-December 2020 was due the Company's equity share in net income of its associates.

Total liabilities slightly decrease as of end-September 2021 compared to end-December 2020 due to the payment of accounts payable and other accrued expenses.

The Company's Net Worth increased as of end-September 2021 compared to end-December 2020, due to the net income generated by the Company during the first three quarters of 2021.

The top five (5) key performance indicators of the Company and its majority-owned subsidiary are as follows:

	<u>Sept. 30, 2021 (Consolidated) Unaudited</u>	<u>December 31, 2020 (Consolidated) Audited</u>
Current Ratio	1.32:1	1.33:1
<u>Current Assets</u>	<u>384,300,149</u>	<u>392,679,001</u>
Current Liabilities	291,040,438	294,380,662
Assets to Equity Ratio	1.62: 1	1.73 : 1
<u>Total Assets</u>	<u>10,070,268,304</u>	<u>9,093,185,629</u>
Stockholders' Equity	6,228,252,314	5,247,829,413

Debt to Equity Ratio	0.62 : 1	0.73: 1
<u>Total Liabilities</u>	<u>3,842,015,992</u>	<u>3,845,356,216</u>
Stockholders' Equity	6,228,252,314	5,247,829,413
Equity to Debt Ratio	1.62 : 1	1.36: 1
<u>Stockholders' Equity</u>	<u>6,228,252,314</u>	<u>5,247,829,413</u>
Total Liabilities	3,842,015,992	3,845,356,216
Book Value per share	2.07	1.75
<u>Stockholders' Equity</u>	<u>6,228,252,314</u>	<u>5,247,829,413</u>
Shares Outstanding	3,003,302,538	3,003,302,538
Earnings/(Loss) per share	0.33	(0.06)
<u>Net Income/(Loss)</u>	<u>980,422,901</u>	<u>(172,219,300)</u>
Average Number of shares outstanding	3,003,302,538	3,003,302,538

Current Ratio slightly decreased at 1.32:1 as of end- September 2021 compared to 1.32:1 as of end December 2020 due to decreased in current assets.

Assets to Equity Ratio is at 1.62:1 as of end- September 2021, compared to 1.73:1 as of end-December 2020.

Debt-to-Equity Ratio is at 0.62:1 as of end- as of end- September 2021, compared to 0.72:1 as of end-December 2020. Equity-to-debt ratio increased at 1.62:1 as of end- September 2021, compared to 1.36:1 as of end December 2020. The changes was due to the increase in Stockholders' Equity due to the Net income generated by the Company during the period.

Book Value per Share increased to P2.07 per share as of end- September 2021, compared to 1.75 as of end-December 2020, due to net income generated by the Company during the period. The Company posted Earnings per share of P0.33 as of end- September 2021, compared to a net loss per share of P0.06 as of end December 2020. This is due to the net income generated by the Company during the first three quarters of 2021.

Results of Operations – Third Quarter (Jan. to Sept.) 2021

Vulcan Materials Corporation (VMC) (100% owned) has no revenue or expenses earned/incurred as of end September 2021 and end-September 2020, respectively.

VMC ceased its operations effective December 2017 following the sale of its crushing plant and exploration/production rights over the Montalban quarry to Big Rock Aggregates Corporation.

Anglo Philippine Power Corporation (APPC) (100% owned) is presently evaluating various renewable energy projects for future investment and is still in its pre-operating stage.

APPC wholly-owned subsidiary, **Bataan Aggregates Corp. (BAC)**, commenced commercial operations in January 2018. On October 2019, BAC sold its quarry equipment to Concrete Stone Corp. and paid over the proceeds of the sale to APPC in settlement of BAC's debt. BAC registered a net loss of P2.4 million as of end-September 2021, compared to a net loss of P2.1 million as of end-September 2020.

The Company owns 34.87% of **The Philodrill Corporation (OV)** posted a consolidated net income of P24.1 million as of end September 2021 compared to a net loss of P93.7 million as of end September 2020.

The Galoc well continue to produce at an average production of 1,707 bopd and total production has reached about 23,266,022 barrels from inception up to end of September 30, 2021.

United Paragon Mining Corporation (UPM) (25.69% owned) UPMC posted a net loss of P62.6 million as of end September 2021, compared to a net loss of P47.6 million as of end September 2020. UPM has received a new exploration permit last August 24, 2018. On June 22, 2020, the Company submitted a request letter to Mines and Geosciences Bureau (MGB) Regional Office No. 5 for an extension of one year to implement the revised exploration work program that will expire on August 20, 2020 due to force majeure (pandemic COVID 19). MGB approved the extension until February 19, 2021. In October 2020, completed the exploration work program by drilling 3 holes, totaling 604.9 meters. In February 4, 2021, the Company filed a Declaration of Mining Project Feasibility (DMPF). With the recent lifting of the moratorium on mining agreements under EO 130, the Company is expected to exert all efforts to obtain the conversion of its exploration permit to Declaration of Mining Project Feasibility (DMPF) and eventually into a mineral production sharing agreement so as to begin operations as soon as possible.

Atlas Consolidated Mining & Development Corp. (AT) (28.64% owned) posted a consolidated net income of P3.5 billion as of end September 2021, compared to a net income of P490.4 million as of end September 2020.

The Company continues to participate in the following Oil Exploration contracts:

Service Contract 53	Onshore Mindoro	18.52 %
SC Application (ex SC 6A)	Octon, NW Palawan	12.50 %
Service Contract 41	Sulu Sea	1.67900 %
SWAN Block	NW Palawan	33.57800 %

In **Oil Exploration**, the consortium decided to serve a Notice of Surrender of **SC 6A** with the DOE last March 31, 2021 due to: (1) the funding gap in the work budget owing to the non-participation of some partners; (2) the limited time to execute its current work program to drill an appraisal well before

February 2024; and, (3) the general slowdown in the industry due to the current pandemic condition. Thereafter, the consortium commenced preparations to re-apply for a new service contract over the same area with the same participating contractors. In **SC 53 (Onshore Mindoro)**, the DOE finally approved the Motion for Reconsideration (MR) last January 2021, with Philodrill and Anglo retaining 81.48% and 18.52% participating interests respectively. The DOE has issued an endorsement letter to the National Commission on Indigenous People (NCIP) which will then be submitted to the NCIP Region IVB for the CNO/CP application of the planned Progreso -2 drilling project.

Property Development

Tipo Valley Realty, Inc. (TVRI) (97.59% owned) as of end September 2021, TVRI posted a net loss of P3.1 Million, compared to a net loss of P3.5 million as of end September 2020.

TVRI's conversion application involving 248 parcels of land with an aggregate area of 272.2865 hectares located in Hermosa, Bataan, was granted with finality by the DAR Central Office on June 16, 2020. The Company is in the process of complying with post-approval conditions. Furthermore, TVRI has acquired an additional of 134,297 square meters for possible access to the site.

The Company continues to maintain 15.79% interest in **MRT Development Corporation**, which generates revenues from concessionaire rentals and advertising fees in the MRT stations.

Infrastructure

The Company continues to maintain its 18.6% equity in **MRT Holdings, Inc.**, the indirect majority owner of the Metro Rail Transit Corporation (MRTC). As of end-September 2021, average ridership is more than 80,000 passengers per day.

Other Investments

The Company has minority investment in **Brightnote Assets Corporation**, a holding company organized for the purpose of investing in the Calabarzon area.

Filipinas Energy Corporation (FEC) has not undertaken any business operation since its incorporation due to the deferment of the transfer of the Company's oil and mineral assets.

NO bankruptcy, receivership or similar proceeding has been filed by or against the Company and/or its subsidiary during the last three (3) years.

NO material reclassification, merger, consolidation, or purchase/sale of a significant amount of assets, not in the ordinary course of business, has been undertaken by the Company and/or its subsidiary during the last three (3) years, EXCEPT for the sale of quarry equipment of Bataan Aggregates Corporation, subsidiary of Anglo Phil. Power Corp., on October 2019.

Discussion and Analysis of Material Events and Uncertainties

Except as discussed below, Management is not aware of any material event or uncertainty that has affected the current interim period and/or would have a material impact on future operations of the Company.

The Company will continue to be affected by the Philippine business environment as may be influenced by any local/regional financial and political crises.

- (i) There are **NO** known trends, demands, commitments, events or uncertainties that have or are reasonably likely to have a material impact on the Company's short-term or long-term liquidity.
- (ii) The Company's internal source of liquidity comes, primarily, from revenues generated from operations. The Company's external source of liquidity comes, primarily, from loans/financing obtained from financial institutions and, alternatively, may also come from the collection of its accounts receivables.
- (iii) The Company has **NO** material commitments for capital expenditures but is expected to contribute its equity share in the capital expenditures of its investee companies. However, the bulk of the funding for such expenditures will be sourced from project financing.
- (iv) There are **NO** known trends, events or uncertainties that have had or are reasonably expected to have a material impact on the revenues or income from continuing operations.
- (v) There are **NO** significant elements of income or loss that did not arise from the Company's operations.
- (vi). There have been **NO** material changes from 31 December 2020 to 30 September 30, 2021 in one or more line items of the Company's financial statements, EXCEPT as disclosed below:
 - (a) Cash and Cash Equivalents decreased from P59.2 million as of end 2020 to P31.5 as of end-September 2021, due to i) additional advances made to its affiliates, ii) additional purchase of financial asset at FVPL, iii) payment of general and administrative expenses
 - (b) Account Receivables increased due to additional advances made to its affiliates.
 - (c) Investment in associates increased due to share in equity income of its associates during the period.
 - (d) Total liabilities slightly decreased due to payment of accounts payable and accrued expenses.
 - (e) Retained Earnings increased due to a corresponding net income generated by the Company as of end-September 30, 2021.
- vii. There are **NO** events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.
- viii 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.

Item 3. Management's Assessment and Evaluation of Financial Risk Exposures

A. Financial Risk Exposures

The Group has exposure to credit risk, liquidity risk, market risk, interest rate risk, foreign exchange risk and equity price risk from the use of its financial instruments. The Board reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from Group's cash and cash equivalents, receivables and AFS Financial assets.

The Group ensures that its financial assets are considered high grade by transacting only with top banks in the Philippines and maintaining good relationships with related parties, key employees, debtors and lessors who are highly reputable and with good credit standing.

Cash with banks are deposits made with reputable banks duly approved by the BOD.

Receivables balances are monitored on an ongoing basis with the result that the Group's exposure to credit risk is not significant. No receivables are past due and all receivables are assessed to be collectible and in good standing as of September 30, 2021 and December 31, 2020. Provisions for impairment losses on trade receivables and other receivables were made on accounts specifically identified to be doubtful of collection.

Other than the receivable which were provided with allowance, all other receivable are assessed to be collectible and in good standing as of September 30, 2021 and December 31, 2020.

The Group's maximum exposure to credit risk is equal to the aggregate carrying amount of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal policies.

As of September 30, 2021 and December 31, 2020, the Group's cash and cash equivalents may be withdrawn anytime while and AFS investments are traded in the stock exchange and may be converted to cash by selling them during the normal trading hours on any business day.

The following tables summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of the Group's financial liabilities based on contractual undiscounted payments as of September 30, 2021 and as at December 31, 2020 (including interest as applicable):

September 30, 2021

	On Demand	Within three (3) Months	More than Three (3) Months but Less than One (1) year	More than One (1) year	Total
Financial Assets at Amortized Cost					
Cash and cash equivalents	₱31,529,350	₱—	₱—	—	₱31,529,350
Trade and other receivables	227,698,434	—	—	—	227,698,434
Notes receivable	—	—	60,000,000	—	60,000,000
Long-term notes receivable	—	—	—	463,851,304	463,851,304
Financial assets at FVTPL	50,644,727	—	—	—	50,644,727
Financial assets at FVOCI	—	—	—	610,443	610,443
	309,872,510	—	60,000,000	464,461,746	834,334,257
Financial Liabilities					
Accounts payable and accrued expenses*	157,271,448	—	—	89,431,422	246,702,870
Due to related parties	41,880,742	—	—	797,047,880	838,928,622
Subscription payable	2,136,170	—	—	2,780,623,880	2,782,760,050
	201,288,361	—	—	3,667,103,182	3,868,391,543
Net Financial Assets (Liabilities)	₱108,584,150	₱—	₱60,000,000	(₱3,202,641,436)	₱ (3,034,057,286)

* Excluding statutory payables

December 31, 2020

	On Demand	Within three (3) Months	More than Three (3) Months but Less than One (1) year	More than One (1) year	Total
Financial Assets at Amortized Cost					
Cash and cash equivalents	₱59,150,476	₱—	₱—	₱—	₱59,150,476
Trade and other receivables	213,298,121	—	—	—	213,298,121
Notes receivable	—	—	60,000,000	—	60,000,000
Long-term notes receivable	—	—	—	463,851,303	463,851,303
Financial assets at FVTPL	46,371,050	—	—	—	46,371,050
Financial assets at FVOCI	—	—	—	610,443	610,443
	318,819,647	—	60,000,000	464,461,746	843,281,393
Financial Liabilities					
Accounts payable and accrued expenses*	155,833,054	—	—	89,431,422	245,264,476
Due to related parties	41,880,741	—	—	797,047,880	838,928,621
Subscription payable	2,136,170	—	—	2,780,623,880	2,782,760,050
	199,849,965	—	—	3,667,103,182	3,866,953,147
Net Financial Assets (Liabilities)	₱118,969,682	₱—	₱60,000,000	(₱3,202,641,436)	(₱3,023,671,754)

* Excluding statutory payables

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other market prices will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rate relates primarily to its short-term loans payable and long-term debt obligations with fixed interest rates. Most of the Group's existing debt obligations are based on fixed interest rates with relatively small component of the debts that are subject to interest rate fluctuation. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

Foreign Exchange Risk

The Group uses the Philippine peso as its functional currency and is therefore exposed to foreign exchange movements, primarily in U.S. dollar currency. The Group follows a policy to manage its foreign exchange risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-peso currencies.

Equity Price Risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of the listed shares. The equity price risk exposure arises from the Group's investment in financial assets at FVPL and quoted AFS investments.

Fair Values of Financial Instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables, Accounts Payable, Short Term Loans Payable and Accrued Expenses

The carrying amount of cash and cash equivalents, receivables, accounts payable and accrued expenses and short-term loans payable approximate their fair values due to their short-term maturities.

AFS Investments.

The fair values of publicly traded instruments & similar investments determined based on quoted bid market prices at the balance sheet date. For unquoted AFS equity securities for which no reliable basis of fair value measurement is available, these are carried at cost, impairment loss.

Fair Value Hierarchy

The Group uses the following hierarchy in determining the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets or identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data

As of September 30, 2021 and December 31, 2020, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of the level 3 measurements.

Derivative Asset

The Group has no derivative assets for the period ended September 30, 2021 and December 31, 2020.


PART II – OTHER INFORMATION

There were items for disclosure that were made under SEC Form 17-C during the current interim period (01 January to 30 September 2021).

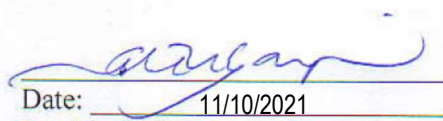
SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Anglo Philippine Holdings Corporation
Registrant
(through its duly authorized representatives):


Date: 11/10/2021
Adrian Paulino S. Ramos
President/Director/COO


Date: 11/10/2021
Gilbert V. Rabago
Treasurer


Date: 11/10/2021
Iris Marie U. Carpio-Duque
Corporate Secretary/
Compliance Officer and
Corporate Information Officer

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARY

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULE

SEC FORM 17-Q

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ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 30-Sep-21 Consolidated	Audited 31-Dec-20 Consolidated
ASSETS		
Current Assets		
Cash and cash equivalents	31,529,350	59,150,476
Trade and other receivables	227,698,434	213,298,122
Notes Receivable	60,000,000	60,000,000
Prepaid expenses and other current assets	14,427,638	13,859,353
Financial Assets at Fair Value through profit and loss (FVPL)	50,644,727	46,371,050
TOTAL CURRENT ASSETS	384,300,149	392,679,001
Noncurrent Assets		
Long-term note	463,851,304	463,851,303
Financial asset at fair value through other comprehensive income (FVOCI)	610,443	610,443
Investment in associates	8,675,872,680	7,687,580,410
Property and equipment	5,965,417	7,164,563
Investment property	307,835,244	307,835,244
Deferred exploration costs	150,990,107	150,287,020
Pension assets	8,262,762	9,412,762
Other noncurrent assets	72,580,199	73,764,883
TOTAL NON CURRENT ASSETS	9,685,968,156	8,700,506,628
TOTAL ASSETS	10,070,268,304	9,093,185,629
LIABILITIES AND EQUITY		
Accounts Payable and Accrued Expenses	247,023,525	250,363,750
Due to related Parties	41,880,742	41,880,742
Subscription Payable	2,136,170	2,136,170
TOTAL CURRENT LIABILITIES	291,040,438	294,380,662
Subscription Payable - net of current portion	2,735,007,645	2,735,007,645
Due to related parties - net of current portion	797,047,880	797,047,880
Deposits from customer	15,559,916	15,559,916
Deferred income tax liabilities- net	3,360,113	3,360,113
TOTAL NON CURRENT LIABILITIES	3,550,975,555	3,550,975,554
TOTAL LIABILITIES	3,842,015,992	3,845,356,216
Capital stock		
Issued	3,008,919,508	3,008,919,508
Subscribed	6,015,343	6,015,343
Additional Paid-In Capital	1,570,157,056	1,570,157,056
Net unrealized valuation gain(loss) on financial assets af FVOCI/AFS financial assets	(493,664)	(493,664)
Re-measurement gains on defined benefits	2,547,974	2,547,974
Share in other comprehensive income (loss) of an associate	37,396,485	37,396,485
Retained earnings	1,624,409,007	643,986,105
Treasury Stock	(27,566,075)	(27,566,075)
Equity attributable to equity holders of the Parent Company	6,221,385,633	5,240,962,732
Non-controlling interest	6,866,681	6,866,681
TOTAL EQUITY	6,228,252,314	5,247,829,413
TOTAL LIABILITIES AND EQUITY	10,070,268,304	9,093,185,629

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited July 1 to Sept. 30, 2021 Consolidated	Unaudited July 1 to Sept. 30, 2020 Consolidated	Unaudited January 1 to Sept. 30, 2021 Consolidated	Unaudited January 1 to Sept. 30, 2020 Consolidated
REVENUES				
Gains on:	-	-	-	-
Sale of investments	-	-	662,868	-
Equity in net losses (income) of associates	440,396,188	144,547,881	988,292,270	95,855,631
Interest income	7,274,111	9,244,055	21,151,759	28,107,899
Dividend Income	-	-	1,808,219	-
Other income	-	663,256	-	1,115,891
	447,670,298	154,455,192	1,011,915,116	125,079,421
COST AND EXPENSES				
General and administrative expenses	9,167,769	10,689,090	31,492,215	29,020,446
Equity in net losses (income) of associates	-	-	-	-
	9,167,769	10,689,090	31,492,215	29,020,446
INCOME/(LOSS) BEFORE INCOME TAX	438,502,529	143,766,102	980,422,901	96,058,975
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current				
Deferred				
NET INCOME/(LOSS)	438,502,529	143,766,102	980,422,901	96,058,975
MINORITY INTEREST	-	-	-	-
TOTAL NET INCOME/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	438,502,529	143,766,102	980,422,901	96,058,975
OTHER COMPREHENSIVE INCOME (LOSS)	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	438,502,529	143,766,102	980,422,901	96,058,975
Basic and Diluted Earnings/(Loss) per share	0.15	0.05	0.33	0.03

Anglo Philippine Holdings Corporation

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPT 30, 2021 AND SEPT. 30, 2020

	Capital Stock				Net Unrealized Mark-to-Market Gain/(Loss) on AFS Financial Assets	Re-measurement Gains/(Losses) on Defined Benefit Obligation	Share in Other Comprehensive Income/(Loss) of an Associate	Retained Earnings	Treasury Stock	Non- Controlling Interest	Total
	Issued	Subscribed	Subscriptions Receivable	Additional Paid- in Capital							
Balances at January 1, 2021	3,008,919,508	7,383,030	(1,367,687.00)	1,570,157,056	-493,664	2,547,974	37,396,485	643,986,105	(27,566,075)	6,866,681	5,247,829,413
Net income(Loss)	-	-	-	-	-	-	-	980,422,901	-	-	980,422,901
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	980,422,901	-	-	980,422,901
Balances at Sept. 30, 2021	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	(1,617,491)	2,547,974	37,396,485	1,624,409,006	(27,566,075)	6,866,681	6,228,252,314
Balances at January 1, 2020	3,008,919,508	7,383,030	(1,367,687.00)	1,570,157,056	(1,617,491)	2,140,453	282,200,844	817,273,556	(27,566,075)	6,977,936	5,664,501,130
Net income(Loss)	-	-	-	-	-	-	-	98,058,975	-	-	98,058,975
Other comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	98,058,975	-	-	98,058,975
Balances at Sept. 30, 2020	3,008,919,508	7,383,030	(1,367,687)	1,570,157,056	(1,617,491)	2,140,453	282,200,844	913,332,531	(27,566,075)	6,977,936	5,760,560,103

ANGLO PHILIPPINE HOLDINGS CORPORATION and SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited July 1 to Sept 30, 2021 Consolidated	Unaudited July 1 to Sept 30, 2020 Consolidated	Unaudited January 1 to Sept. 30, 2021 Consolidated	Unaudited January 1 to Sept. 30, 2020 Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Income/(Loss) before income tax	438,502,530	143,766,102	980,422,901	96,058,975
Income before income tax from discontinued operations	-	-	-	-
Total income before income tax				
Adjustment to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	399,295	503,881	1,199,146	1,511,643
Decrease (increase) in:				
Receivables	(3,173,440)	(20,089,404)	(14,400,312)	(16,848,287)
Prepayments and other current assets	(531,075)	3,315,316	(568,285)	(3,871,894)
Net retirement benefit assets	-	-	1,150,000	-
Financial Assets at Fair Value through profit and loss (FVPL)	-	-	(4,273,677)	-
Other non-current assets	(124,042)	(4,226,104)	1,184,684	(623,719)
Increase (decrease) in:				
Accounts payable and accrued expenses	2,005,250	7,700,751	(3,340,225)	6,882,578
Due to related parties	(1,222,587)	3,952,036	-	(47,014)
Income tax payable	-	-	-	(37,500)
Net cash used in operating activities	435,855,932	134,922,579	961,374,233	83,024,782
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in:				
Loans to related parties	-	39,419,119		39,419,119
Investment property	-	-	(0)	(2,253,915)
Investment in associates	(440,396,188)	(144,547,881)	(988,292,270)	(105,703,936)
AFS Investment	-	884,000		884,000
Addition to property and equipment	-	-		-
Deferred exploration	(501,768)	(372,543)	(703,087)	(568,027)
Net cash used in investing activities	(440,897,956)	(104,617,305)	(988,995,357)	(68,222,759)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings	-	-	-	-
Payment of borrowings	-	-	-	-
Cash dividends paid to stockholders	-			
Others - (Fractional Shares)	-			
Net cash provided by financing activities	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,042,024)	30,305,273	(27,621,126)	14,802,022
CASH AND CASH EQUIVALENTS, BEGINNING	36,571,372	75,304,529	59,150,476	90,807,779
CASH AND CASH EQUIVALENTS, END	31,529,350	105,609,802	31,529,350	105,609,802

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

PURSUANT TO SRC RULE 68, AS AMENDED

September 30, 2021

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 (in Peso)	Valued based on market quotation end of reporting period (in Peso)	Income received and accrued (in Peso)
Aboitiz Power Corporation	107,000	2,840,850	2,514,500	
Shang Properties Inc.	13,074,000	40,544,416	35,169,060	
Semirara Mining & Power Corporation	127,000	1,750,060	1,724,660	
Aboitiz Equity Ventures Inc.	36,000	1,701,000	1,242,000	-
Chelsea Logistics Holdings Corp	40,000	208,400	131,200	-
DDMP Reit Inc.	1,600,000	3,600,000	3,456,000	-
		50,644,727	44,237,420	

SCHEDULE B

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

**AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2021**

Name and Designation of Debtor	Balance at Beginning period	Additions	Amounts Collected	Amounts Written Off	Current	Non-Current	Balance at end of period
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(None)

SCHEDULE C
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2021

Name and Designation of Debtor	Balance at Beginning period	Additions/ Deductions	Amounts Collected/ Settlements	Amounts Written Off	Current	Non-Current	Balance at end of period
Vulcan Materials Corporation (wholly owned subsidiary)	27,773,795	49,798	-	-	-	-	27,823,593
Tipo Valley Realty Inc. (97.59% owned)	64,925,088	3,958,652	-	-	-	-	68,883,740
Anglo Phil. Power Corp. (100% owned)	23,907,390	1,144,148	-	-	-	-	25,051,538

SCHEDULE D
ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
INTANGIBLE ASSETS - OTHER ASSETS
(OTHER THAN RELATED PARTIES)
PURSUANT TO SRC RULE 68, AS AMENDED
September 30, 2021

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
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(None)

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES

AGING OF ACCOUNTS RECEIVABLE

For the period Ended Sept. 30, 2021

	TOTAL	1 month	2 - 3 months	4-6 months	7 mos. To 1 year	1-2 years	3-5 years	5 yrs. & above
Types of Accounts Receivable								
a. Trade receivable	20,599,017	0	0	0	0	0	0	20,599,017
b. Non Trade Receivable								
1. Receivable from Affiliated Co.	101,302,420	-	4,810,386	11,226,872	70,182,617	11,734,801	-	3,347,744
2. Others	131,333,221	-	0	0	-	126,233,220	5,100,000	-
Sub-total	232,635,641	0	4,810,386	11,226,872	70,182,617	137,968,021	5,100,000	3,347,744
	253,234,658	0	4,810,386	11,226,872	70,182,617	137,968,021	5,100,000	23,946,761
Less: Allowance for Doubtful Accounts	-25,536,224	0	0	0	0	0	(5,100,000)	-
Net Receivable	227,698,434	0	4,810,386	11,226,872	70,182,617	137,968,021	0	3,510,537

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**SCHEDULE E - PROPERTY AND EQUIPMENT**

For the period ended September 30, 2021

Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ Deductions	Ending Balance
Condominium Units and Improvements	22,091,617	-	-		22,091,617
Transportation Equipment	4,471,071			-	4,471,071
Furnitures, Fixtures & Office Equipment	927,222	-	-	-	927,222
	27,489,910	-	-	-	27,489,910

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES**SCHEDULE F - ACCUMULATED DEPRECIATION**

For the period ended September 30, 2021

Classification	Beginning Balance	Additions	Retirements	Other Charges Additions/ (Deductions)	Ending Balance
Condominium Units and Improvements	15,687,007	828,909	-		16,515,916
Transportation Equipment	3,729,595	362,679			4,092,274
Furnitures, Fixtures & Office Equipment	908,745	7,559	-	-	916,304
	20,325,347	1,199,147	-	-	21,524,494

ANGLO PHILIPPINE HOLDINGS CORPORATION AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC 68, AS AMENDED
September 30, 2021

<i>Profitability Ratios</i>	September 30, 2021	December 31, 2020	September 30 2020
Return on Assets	9.74%	1.88%	1.00%
Return on Equity	15.74%	-3.28%	1.67%
Gross profit margin	0	0	0
Net profit margin	96.89%	-187.30%	76.80%
<i>Liquidity and Solvency Ratios</i>			
Current Ratio	1.32:1	1.33:1	1.16:1
Quick Ratio	1.27:1	1.08:1	1.10: 1
Solvency Ratio	0.25:1	-0.04:1	1.10:1
<i>Financial Leverage Ratios</i>			
Asset to Equity Ratio	1.62:1	1.73:1	1.06 : 1
Debt Ratio	0.38:1	0.42:1	0.40: 1
Debt to Equity Ratio	0.62:1	0.73:1	1.06: 1
Interest Coverage Ratio	0	0	0

Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared under the historical cost basis except for financial assets measured at fair value through profit-or-loss (FVTPL) and financial assets measured at fair value through other comprehensive income (FVOCI), which are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRSs). All values are rounded off to the nearest Peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with PFRSs. PFRSs include statements named PFRS and Philippine Accounting Standards (PASs) and Philippine Interpretations from the International Financial Reporting Interpretation Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council (FRSC).

Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

The Group is considered to have control over an investee, if and only if the Group has:

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

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

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

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

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests (NCI), even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's

accounting policies. All intra-Group balances and transactions, including income, expenses, unrealized gains and losses and dividends, are eliminated in full consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any NCI;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and,
- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income (OCI) or other comprehensive income to profit or loss or retained earnings, as appropriate.

NCI represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals to non-controlling interest is also recognized directly in equity.

The consolidated financial statements include the accounts of the Parent Company and the subsidiaries listed below:

		Percentage Ownership	of
Group	Principal Activities	2021	2020
<i>Direct interest</i>			
Vulcan Materials Corporation (VMC)	Mining exploration and sale of aggregates	100	100
Tipo Valley Realty, Inc. (TVRI)	Real estate holding and development	97.59	97.59
Anglo Phil. Power Corp. (APPC)	Energy resources	100	100
<i>Indirect interest</i>			
Bataan Aggregates Corp. (BAC)	Sand and gravel quarrying	100	100

VMC was registered with the Philippine SEC on September 12, 1991 and was previously engaged in mining exploration and sale of aggregates. As at December 31, 2020, VMC has no operations. On December 22, 2015, the Parent Company acquired 97.59% of interest in TVRI which is engaged in real estate development. As at December 31, 2020, TVRI has not yet started commercial operations.

APPC was registered with the Philippine SEC on September 26, 2016 primarily to undertake the development, exploitation and processing of any energy resources.

BAC was registered with the Philippine SEC on May 4, 2017 and is primarily engaged in sand and gravel quarrying. BAC started commercial operations in January 2018. On September 24, 2019, the BOD of BAC authorized the termination of the Company's quarrying project and the execution of sale of the Company's machines, equipment and other inventories located in the quarry premises.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2020:

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

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments did not have any significant impact on the Group's financial statements.

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

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

These amendments did not have any significant impact on the Group's financial statements.

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

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments did not have any significant impact on the Group's financial statements.

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

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

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

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

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

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

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

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

These amendments did not have any significant impact on the Group's financial statements since the Group did not receive any rent concessions during the year.

New Standards and Interpretation Issued and Effective after December 31, 2020

The Group will adopt the standards enumerated below when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended PFRSs, PAS and Philippine Interpretations to have significant impact on its financial statements.

Effective beginning on or after January 1, 2021

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

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

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

The Group shall also disclose information about:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The Group is currently assessing the impact of these amendments on the consolidated financial statements.

Effective beginning on or after January 1, 2022

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The Group is currently assessing the impact of these amendments on the consolidated financial statements.

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

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

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

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

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

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both

incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *Annual Improvements to PFRSs 2018-2020 Cycle*
 - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

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

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

- Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*

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

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

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

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with

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

Effective beginning on or after January 1, 2023

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

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

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

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

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted.

These amendments are not expected to have any significant impact on the Group's financial statements.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of these amendments on the consolidated financial statements.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

The Group measures financial instruments at fair value at each end of the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Presentation of Financial Statements

The Group has elected to present all items of recognized income and expense in single consolidated statement of comprehensive income.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date (i.e., the date that the Group commits to purchase or sell the asset).

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and liabilities, except for financial instruments measured at FVTPL.

Classification and Measurement

Classification of Financial Assets. Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at FVTPL;
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss; and,
- Financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics. If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model. The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group

in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

- *Financial Assets at Amortized Cost.* A debt financial asset is measured at amortized cost if (a) it is held within a business model for which the objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Interest income" in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (a) purchased or originated credit-impaired financial assets and (b) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for bad debts" in the consolidated statement of income.

As at September 30, 2021 and December 31, 2020, the Group has financial assets at amortized cost consisting of cash and cash equivalents, trade and other receivables, note receivable, long-term note receivable and deposit under "Other noncurrent assets".

- *Financial Assets at FVTPL.* Financial assets at FVTPL are measured at FVTPL unless these are measured at amortized cost or at FVOCI. Included in this classification are equity investments held for trading and debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

The Group's financial assets at FVTPL consists of investments in quoted equity shares that are held for trading as at September 30, 2021 and December 31, 2020.

- *Financial Assets at FVOCI.* A financial asset is measured at FVOCI if (a) it is held within a business model for which the objective is achieved by both collecting contractual cash flows and selling financial assets and (b) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial

assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the Group; and,
- the amount of the dividend can be measured reliably.

As at September 30, 2021 and December 31, 2020, the Group's financial assets at FVOCI pertains to investments in unquoted equity shares that are not held for trading.

Classification of Financial Liabilities. Financial liabilities are measured at amortized cost, except for the following:

- Financial liabilities measured at fair value through profit or loss;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate; and,
- Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or,
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

As at September 30, 2021 and December 31, 2020, the Group's financial liabilities include accounts payable and accrued expenses (excluding statutory payables), subscription payable, due to related parties, loan payable and finance lease liability.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

The Group recognizes an allowance for expected credit losses for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

- *Determination of the Stage for Impairment.* At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

- *Simplified Approach.* The simplified approach, where changes in credit risk are not tracked and loss allowances are measured at amounts equal to lifetime ECL, is applied to 'Trade receivables'. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For any other financial assets carried at amortized cost (which are due in more than 12 months), the expected credit losses is based on the 12-month expected credit losses. The 12-month expected credit losses is the proportion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Derecognition of Financial Instruments

Financial Assets

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

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

In such case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Group's consolidated statement of comprehensive income.

"Day 1" Difference

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

Cash and Cash Equivalents

Cash includes cash on hand and with banks and short-term deposits. Cash equivalents are short-term, highly liquid deposits that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Prepaid Expenses and Other Current Assets

Prepaid Expenses

Prepaid expenses include items of goods or services purchased by the Group for use in its operations but not fully consumed by the end of the accounting period. When goods or services are initially purchased, the amount is recorded in the asset account. At the end of the period, the Group determines the portion of such expenditures that is applicable to subsequent period and the portion used up during the current period. The used-up portion is recognized in profit or loss.

Advances to Suppliers

Advances to supplier represents prepayments relative to acquisitions of assets or operational agreements entered into by the Group and its suppliers. These advances will be reclassified to the specific asset account once the risks and rewards over the assets are transferred to the Group or charged to expense once the related services are rendered.

Prepaid expenses and advances to suppliers are included in current assets, except when the related goods services are expected to be received or rendered more than twelve (12) months after the reporting date which are classified as noncurrent assets.

Prepaid Taxes

Prepaid taxes consist substantially of creditable withholding taxes (CWTs) which are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against related liability with the period prescribed by the relevant tax laws.

Investments in Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associates are carried in the consolidated statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate.

The consolidated statement of comprehensive income reflects the share of the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on the Group's investment in associates. The Group determines at each end of the reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the consolidated statement of comprehensive income.

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

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to the consolidated statement of comprehensive income in the period when the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation and amortization of other items of property and equipment is computed using the straight-line method over the estimated useful lives of the asset as follows:

Category	Number of Years
Condominium units and improvements	20
Machinery and equipment	3 - 15
Transportation equipment	3 - 5
Furniture, fixtures and office equipment	2 - 5

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

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

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.

Construction in progress represents structures under construction and is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period.

Investment Properties

Investment properties pertain to the Group's investment in parcels of land and related improvements that are measured initially at cost, including transaction costs. Expenditures for the development and improvement of land are capitalized as part of the cost of the land. The carrying amounts include the costs of replacing part of an existing investment property at the time those costs are incurred if the recognition criteria are met, and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, these are carried at cost less any impairment in the books of the Group.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income in the period of derecognition.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by the end of owner-occupation or the start of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by start of owner-occupation or of development with a view to sell.

Under the cost model, transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Deferred Exploration Costs

Oil, gas and mineral exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with exploration are capitalized under “Deferred exploration costs” account. The Group’s deferred exploration costs are specifically identified for each Service Contract (SC) area and quarrying area. All oil exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil, gas and mineral reserves in commercial quantities. Capitalized expenditures include costs of license acquisition, technical services and studies, exploration drilling and testing, and appropriate technical and administrative expenses. General overhead or costs incurred prior to having obtained the legal rights to explore an area are recognized as expense in the consolidated statement of comprehensive income when incurred.

If no potentially commercial hydrocarbons are discovered or mineral reserve, the deferred exploration costs are written off through the consolidated statement of comprehensive income. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), it is probable that they can be commercially developed, the costs continue to be carried under deferred exploration costs account while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalized as deferred exploration costs.

At the completion of the exploration phase, if technical feasibility is demonstrated and commercial reserves are discovered, then, following the decision to continue into the development phase, the deferred exploration costs relating to the SC/GSEC, where oil, gas and mineral in commercial quantities are discovered, is first assessed for impairment and (if required) any impairment loss is recognized, then the remaining balance is transferred to property and equipment in the consolidated statement of financial position.

Deferred exploration costs are assessed at each reporting period for possible indications of impairment. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case or is considered as areas permanently abandoned, the costs are written off through the consolidated statement of comprehensive income. Exploration areas are considered permanently abandoned if the related permits of the exploration have expired and/or there are no definite plans for further exploration and/or development.

The recoverability of deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Interest in Joint Arrangements

The Group undertakes a number of business activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the

arrangement) require the unanimous consent of the parties sharing control.

Joint Operation

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognizes its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

Other Noncurrent Assets

Advances for Future Land Acquisitions

Advances for future land acquisitions represent the advance payments to the land owners plus transaction costs. These are carried at undiscounted amounts.

Input Value-Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Leasehold Rights

Leasehold rights pertain to an interest in real property held under agreement by which the owner gives the Group the right to occupy or use the property for a period of time. This is amortized over the life of the contract.

Impairment of Nonfinancial Assets

Investments in Associates

The Group determines at each end of the reporting period whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment being the difference between the recoverable amount of the investment and the carrying value and recognizes the amount in the consolidated statement of comprehensive income.

An assessment is made at the end of the reporting period as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reverse only if there has been a change in the estimates used to determine the investment's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the investments is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the assets in prior years. Such reversal is recognized in the consolidated statement of comprehensive income.

Deferred Exploration Costs

An impairment review is performed, either individually or at the cash generating unit (CGU) level, when there are indicators that the carrying amount of the deferred oil exploration costs may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined. Deferred exploration costs are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Prepaid Expenses and Other Current Assets, Property and Equipment, Investment Properties and Other Noncurrent Assets (excluding Deposit)

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

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are

determined by discounting the expected future cash flows at a pre-tax amount that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as "Interest and other finance charges" in the consolidated statement of comprehensive income.

Equity

Capital Stock. The Group has issued capital stock that is classified as equity. Incremental costs directly attributable to the issue of new capital stock are shown in equity as a deduction, net of tax, from the proceeds.

Subscription Receivable. Subscription receivable pertains to the amount of subscribed capital stock less the amount paid-up. Subscription receivable is presented as deduction from capital stock.

Additional Paid-in Capital. Additional paid-in capital is the portion of paid-in capital received representing excess over par value.

Treasury Stock. Treasury stock is recorded at cost and is presented as a deduction from equity. Any consideration paid or received in connection with treasury stock is recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given:

- Additional paid-in capital to the extent of the specific or average additional paid in capital when the shares are issued, and
- Retained earnings.

When shares are sold, the treasury stock account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to the issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

Retained Earnings. Retained earnings represent the cumulative balance of periodic net income or loss, dividend declarations, prior period adjustments, effect of changes in accounting policy and other capital adjustments.

Dividend distribution to the Group's stockholders is recognized as a liability and deducted from retained earnings when they are approved by the Group's BOD. Dividends for the year that are approved after the end of the reporting period are dealt with as an event after the end of the reporting period.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the profit or loss for the year in accordance with PFRSs.

Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before these goods or services are transferred to the customer.

Revenue from Contracts with Customers

- *Sale of Aggregates.* Sale of aggregates is recognized when the goods are delivered to and accepted by the customer. Sale of aggregates is recognized when control passes to the customer, which occurs at a point in time when the aggregates are physically transferred and accepted by the customer. Selling prices are based on agreed prices between the customer and the Group.
- *Royalty Income.* Royalty income is recognized over time under PFRS 15 when earned.

Interest Income

Income is recognized as the interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividend Income

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

Other Income

Income is recognized in the consolidated statement of comprehensive income as they are earned.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. General and administrative expenses are generally recognized when the services are used or the expenses arise while interest and other finance charges are accrued in the appropriate period.

Earnings (Loss) Per Share (EPS)

Basic EPS is computed based on the weighted average number of shares outstanding and subscribed for each respective period with retroactive adjustments for stock dividends declared, if any. When shares are dilutive, the unexercised portion of stock options is included as stock equivalents in computing diluted earnings per share.

Diluted EPS amounts are calculated by dividing the net income (loss) by the weighted average number of ordinary shares outstanding, adjusted for any stock dividends declared during the year

plus weighted average number of ordinary shares that would be issued on the conversion of all the dilutive ordinary shares into ordinary shares, excluding treasury shares.

Since the Group has no potential dilutive common shares, basic and diluted earnings per share are stated at the same amount.

Business Segment

For management purposes, the Group is organized into two (2) major operating segments (mining and non-mining business) according to the nature of the products and the services provided with each segment representing a strategic business unit that offers different products and serves different markets. The entities are the basis upon which the Group reports its primary segment information. Financial information on business segments are presented in Note 30.

Retirement Benefits Plan

The Group has a defined retirement benefit plan which requires contributions to be made to a separately administered fund. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method. This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning the employees' projected salaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as "Personnel cost" under general and administrative expenses in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. These are retained in OCI until full settlement of the obligation.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash

flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

Current Tax

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

The Group records uncertain tax positions on the basis of a two-step process whereby the Group determines whether it is more likely than not that the tax positions will be sustained based on technical merits of the position, and for those tax positions that meet the more likely than not criteria, the Group recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with related tax authority. The Group records interest and penalties on uncertain tax positions in "Income tax expense (benefit)" account in the consolidated statement of comprehensive income.

Deferred Tax

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of taxable temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss; and
- in respect of deductible temporary differences associated with investments in foreign subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Foreign Currency Transactions

The consolidated financial statements are presented in Philippine peso, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing as at the date of the initial transactions. All differences are taken to "Foreign exchange gains (losses) - net" in the consolidated statement of comprehensive income.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

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