SEC Registration Number

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COMPANY NAME

MABUHAY HOLDINGS CORPORATION

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

35TH FLOOR
RUFINO PACIFIC TOWER
6784 AYALA AVENUE
MAKATI CITY

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

35th Floor, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.
Note 2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

MABUHAY
HOLDINGS CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

ROBERTO V. SAN JOSE
Chairman of the Board

ESTEBAN G. PENA SY
President

GLORIA GEORGIA G. GARCIA
Chief Financial Officer

Signed this 29th day of April 2021.

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)

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

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

Doc. No. 261
Page No. 54
Book No. XI
Series of 2021.

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

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

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

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

Isla Lipana & Co.

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

Makati City
April 29, 2021

Isla Lipana & Co.

Statements Required by Rule 68
Securities Regulation Code (SRC)

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Mabuhay Holdings Corporation (the "Parent Company") and its Subsidiaries (together, the "Group") as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020, and have issued our report thereon dated April 29, 2021. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of the operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and no material exceptions were noted.

Isla Lipana & Co.

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
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Makati City
April 29, 2021

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Isla Lipana & Co.

Independent Auditor's Report

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

Our Opinion

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

What we have audited

The consolidated financial statements of the Group comprise:

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

Basis for Opinion

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

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

Our Audit Approach

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

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

Key audit matters

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

Key audit matter identified in our audit is as follow:

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Imelda Ronnie de Guzman-Castro.

Isla Lipana & Co.

Imelda Ronnie G. Castro

Imelda Ronnie de Guzman-Castro
Partner
CPA Cert. No. 89352
P.T.R. No. 0011287; issued on January 5, 2021 at Makati City
SEC A.N. (individual) as general auditors 1769-A, Category A; effective until September 2, 2022
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Makati City
April 29, 2021

Mabuhay Holdings Corporation and Subsidiaries

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

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

Note 1 - General information; status of operations

(a) Corporate information

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

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

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

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

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

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

(b) Status of operations

Sale of PIHI shares

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

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

Settlement of receivables with PIHI

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

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

COVID-19 impact and assessment

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

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

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

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

Current status of operations; future plans

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

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

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

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

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

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

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

Note 2 - Cash

Cash as at December 31 consist of:

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

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

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

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

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

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

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

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

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

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

Note 4 - Notes receivable

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

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

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

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

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

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

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

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

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

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

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

Note 5 - Real estate held for sale

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

Note 6 - Other current assets

The account as at December 31 consist of:

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

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

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

Prepayments mainly comprise of prepaid taxes and insurance.

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

Note 7 - Investment in an associate

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

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

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

Note 8 - Property and equipment, net

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

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

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

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

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

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

Note 9 - Investment properties

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

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

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

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

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

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

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

Note 10 - Accounts payable and other current liabilities

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

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

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

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

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

Note 11 - Borrowings

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

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

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

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

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

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

Note 12 - Deposits for future share subscriptions

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

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

Note 13 - Equity

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

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

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

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

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

Note 14 - Other expenses

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

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

Note 15 - Income taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 17 - Related party transactions and balances

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

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

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

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

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

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

Note 18 - Leases - the Company as lessor

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

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

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

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

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

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

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

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

Note 19 - Salaries and employee benefits

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

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

Note 20 - Provision for retirement benefits

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

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

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

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

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

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

The principal assumptions made as at December 31 follow:

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

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

Note 21 - Provision for litigation claims

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

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

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

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

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

Note 22 - Contingency

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

Note 23 - Segment information

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

Significant information on the reportable segment is as follows:

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

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

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

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

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

Note 24 - Financial risk and capital management

24.1 Financial risk factors

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

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

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

24.1.1 Market risk

(a) Foreign exchange risk

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

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

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

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

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

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

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

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

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

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

(b) Price risk

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

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

(c) Interest rate risk

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

24.1.2 Credit risk

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

Maximum exposure to credit risk

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

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

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

**excluding prepayments and advances to a contractor*

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

(i) Cash in bank

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

(ii) Notes receivable

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

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

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

24.1.3 Liquidity risk

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

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

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

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

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

24.2 Capital management

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

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

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

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

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

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

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

24.3 Fair value of financial assets and liabilities

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

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

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

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

24.4 Fair value hierarchy

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

Note 25 - Critical accounting estimate and judgments

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

25.1 Critical accounting estimates and assumptions

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

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

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

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

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

(b) Retirement benefits (Note 20)

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

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

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

25.2 Critical accounting judgments

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

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

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

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

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

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

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

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

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

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

(d) Impairment of investment properties (Note 9)

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

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

(e) Provision for litigation claims (Note 21)

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

(f) Contingency (Note 22)

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

Note 26 - Summary of significant accounting policies

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

26.1 Basis of preparation

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

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

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

26.2 Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

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

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

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

26.3 Basis of consolidation

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

Details of subsidiaries follow:

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

**With significant control or power to govern*

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

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

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

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

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

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

(a) Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

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

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

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

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

(c) Disposal of subsidiaries

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

26.4 Cash

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

26.5 Financial instruments

26.5.1 Classification

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

(a) Financial assets

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

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

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

(i) Financial assets at amortized cost

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

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

(ii) Financial assets at FVPL

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

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

(b) Financial liabilities

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

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

26.5.2 Recognition and measurement

(a) Initial recognition and measurement

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

(b) Subsequent measurement

(i) Financial assets at amortized cost

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

(ii) Financial assets at FVPL

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

(iii) Financial liabilities

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

26.5.3 Impairment

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

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

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

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

26.5.4 Derecognition

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

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

26.5.5 Offsetting

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

26.6 Notes receivable

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

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

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

26.7 Prepayments

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

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

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

26.8 Advances to a contractor

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

26.9 Real estate held for sale

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

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

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

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

26.10 Property and equipment

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

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

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

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

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

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

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

26.11 Investment properties

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

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

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

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

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

Impairment of investment properties is presented in Note 26.13.

26.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

26.13 Impairment of non-financial assets

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

26.14 Accounts payable and other current liabilities

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

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

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

26.15 Borrowings and borrowing costs

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

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

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

26.16 Deposits from customer

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

26.17 Current and deferred income tax

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

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

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

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

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

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

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

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

26.18 Employee benefits

(a) Retirement benefit obligation

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

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

(b) Other short-term benefits

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

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

26.19 Provisions

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

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

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

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

26.20 Deposit for future share subscriptions

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

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

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

26.21 Equity

(a) Common shares

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

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

(b) Share premium

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

(c) Treasury shares

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

(d) Retained earnings (deficit)

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

26.22 Earnings (loss) per share

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

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

26.23 Revenue and expense recognition

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

(a) Rental income

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

(b) Interest income and expense

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

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

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

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

(c) Dividend income

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

(d) Other income

Other income is recognized when earned.

(e) Expenses

Expenses are recognized when these are incurred.

26.24 Leases - Group as a lessor

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

26.25 Foreign currency transactions and translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

26.26 Related party relationships and transactions

(a) Related party relationship

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

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

(b) Related party transaction

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

26.27 Contingency

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

26.28 Subsequent events

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

Note 27 - Subsequent event

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

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

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

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

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

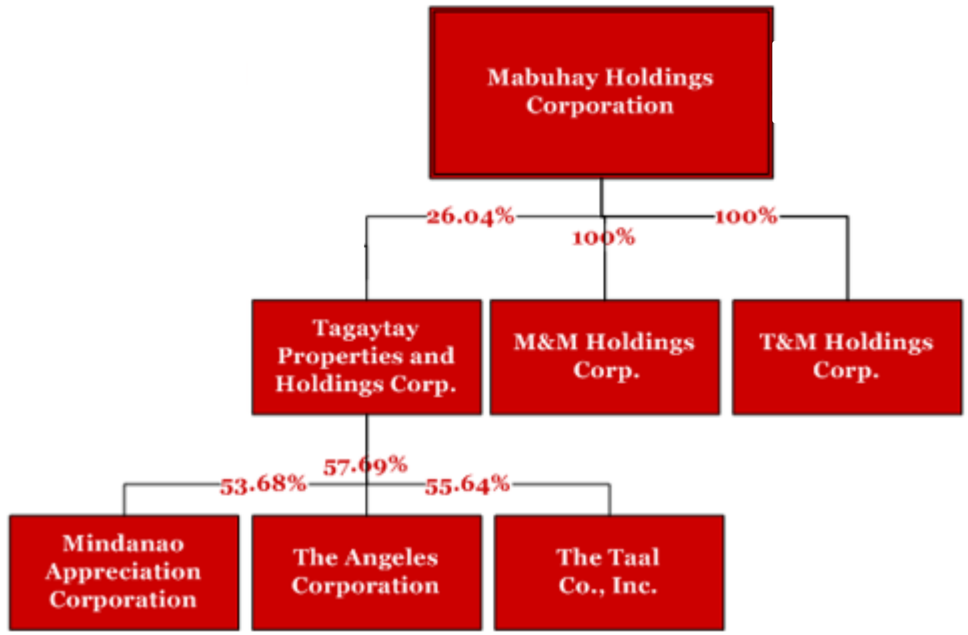
Mabuhay Holdings Corporation and Subsidiaries

Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

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

Mabuhay Holdings Corporation and Subsidiaries

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



Mabuhay Holdings Corporation and Subsidiaries

Schedule A. Financial Assets
December 31, 2020

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

Mabuhay Holdings Corporation and Subsidiaries

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

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

Mabuhay Holdings Corporation and Subsidiaries

Schedule D. Long-term debt
December 31, 2020

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related balance sheet	Amount shown under caption “Long-term debt” in related balance sheet”
NONE			

Mabuhay Holdings Corporation and Subsidiaries

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

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

Mabuhay Holdings Corporation and Subsidiaries

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

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		NONE		

Mabuhay Holdings Corporation and Subsidiaries

Schedule G. Capital Stock
December 31, 2020

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

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