

Yes [x] No []

13. State the aggregate market value of the voting stock held by non-affiliates of the Corporation.

As of 31 December 2021, the aggregate market value of the voting stock held by non-affiliates of the Corporation is P151,233,569. Trading of the Corporation's shares are however suspended.

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

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

Not applicable

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) Any annual report to security holders
- (b) Any information statement filed pursuant to SRC Rule 20
- (c) Any prospectus filed pursuant to SRC Rule 8.1

None of the above documents are incorporated by reference.

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

(a) Form and Date of Organization of the Corporation

Philcomsat Holdings Corporation, formerly Liberty Mines, Inc., was incorporated on May 10, 1956. On January 10, 1997, the Corporation approved amendments of its Articles of Incorporation, changing its primary purpose from embarking in the discovery, exploitation, development and exploration of mineral oils, petroleum in its natural state, rock or carbon oils, natural oils and other volatile mineral substances to a holding company and changing its name and declassifying its shares. These changes were filed with the Securities and Exchange Commission (SEC) on April 14, 1997 and were approved by the SEC on July 23 and September 12, 1997 respectively. The authorized capital of the Corporation is One Billion Pesos (P1,000,000,000.00) divided into one billion (1,000,000,000) common shares with a par value of P1.00 per share. Of the total authorized capital stock, sixty million (60,000,000) shares are listed at the Philippine Stock Exchange (PSE). While the SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000, the PSE considered the Corporation's application abandoned. A later attempt to revive the Corporation's application for listing at the PSE was deferred at the objection of then PCGG Chairman Camilo Sabio in his letter dated March 1, 2005 to the PSE. During the 2006 House Committee investigation into the anomalous losses of PHC, PCGG Chair Sabio promised to

withdraw his objection to the listing of the said shares, but he failed to made good on his promise. Since then, several requests were made to the PCGG to withdraw its objection to the listing of the shares but it has refused to do so.

In May 2006, the Corporation amended its articles of incorporation extending the life of the Corporation for another fifty (50) years or until 2056. This extension however has been rendered moot by the Revised Corporation Code and the rules of the SEC that grant perpetual existence to existing corporations.

The Corporation is a subsidiary of the Philippine Communications Satellite Corporation (“Philcomsat”) which owns approximately seventy-nine percent (79%) of the outstanding capital stock of the Corporation.

The Corporation owns 100% of Philcomsat Management Enterprises, Inc. which in turn wholly owns Professional Stock Transfer, Inc.

(b) Bankruptcy, Receivership or Similar Proceeding

The Corporation is not involved in any bankruptcy, receivership or similar proceeding.

(c) Material Reclassification, Merger, Consolidation, Purchase/
Sale of Assets not in the Ordinary Course of Business

The Corporation is not involved in any material reclassification, merger, consolidation, purchase or sale of assets not in the ordinary course of business.

(2) Business of the Corporation

(a) Description

(i) Products/Services/Facilities

The Corporation holds investments in money market placements and financial instruments. It has no product or service that contributes ten percent (10%) or more to sales or revenue.

(ii) Foreign Sales

The Corporation does not have any foreign sales or revenues.

(iii) Distribution of Products and Services

The Corporation does not distribute any facility, product and service.

(iv) Status of Publicly Announced New Product

The Corporation does not have a publicly announced new product.

(v) Competition

The Corporation does not have direct competitors for its money market operations.

(v) Raw Materials and Supplies

The Corporation's facilities, services and products do not require the use of raw materials and supplies.

(vi) Major Customers

This disclosure is not applicable to the Corporation's business.

(vii) Dependency on single/few customers that account for 20% of sales.

This disclosure is not applicable to the Corporation's business.

(viii) Transactions with/Dependence on Related Parties

Among the transactions with related parties are receivables from the Philippine Communications Satellite Corporation (Philcomsat) and Montemar Beach Club, Inc. The Corporation likewise has a lease agreement with Philcomsat for the rent of its office space. In addition, PSTI acts as stock transfer agent of the Corporation. Details of these RPTs are found in Note 15 of the attached Consolidated Financial Statements.

(ix) Patents, Trademarks, Licenses, etc.

The Corporation does not own any patent, trademark, license or franchise.

(x) Government Approval

This disclosure is not applicable to the Corporation's business as the Corporation has no principal product or service that requires government approval.

(xi) Effect of Governmental Regulations

The Corporation does not expect to be affected by any existing or probable governmental regulations aside from those issued by the PSE and the SEC.

(xii) Research and Development Activities

The Corporation has no expenditures for research and development for the last three (3) fiscal years.

(xiii) Environmental Laws

This disclosure is not applicable to the Corporation's business and concerns.

(xiv) Number of Employees

As of 31 December 2021, the Board of Directors has not engaged any regular employee. The Corporation's businesses and concerns were managed and handled by the executives, staff members and consultants of Philcomsat, the 79% owner of the Corporation.

The Corporation has no collective bargaining agreement and there had been no strikes or threats of strike within the past three (3) years.

The Corporation may consider employing full-time staff within the next twelve (12) months should the need arise. Management does not foresee granting any supplemental benefit or incentive arrangement with future employees.

(xv) Major risks

Being involved in money market operations, the major risks of the Corporation are the fluctuation of money market fund rates and inflation. Management carefully evaluates its placements to ensure that the Corporation's investments are typically safe and liquid and provide decent returns.

(b) Additional Requirements as to Certain Issues or Issuers

(i) Debt Issues

This disclosure is not applicable to the Corporation.

(ii) Investment company securities

This disclosure is not applicable to the Corporation.

(iii) Mining and Oil companies

This disclosure is not applicable to the Corporation

Item 2. Properties

The Corporation leases its office space at its current business address at the 12/F Telecoms Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City with a floor area of 160 sq. m. Rent expense amounted to P1.70 million in 2021, P1.66 million in 2020 and P1.30 million in 2019. The Corporation does not intend to acquire property in the next twelve (12) months.

Item 3. Legal Proceedings

The Corporation is a party to the following legal actions and proceedings which are not expected to have a material effect on its financial position.

a. PHC vs. Araneta & Lokin (Civil Case No. 10-525), RTC Makati, Br. 62

On May 26, 2010, PHC filed a collection suit against respondents Lokin and Araneta for the sum of P35.3 Million. This amount was the deposit of PHC with Bankwise, which was utilized by Araneta as a guarantee and eventually the payment of his personal loan from said bank. The use of this deposit by Araneta was made possible through the help of Lokin who issued a Secretary's Certificate evidencing the spurious authority. Lokin and Araneta assailed the jurisdiction of the trial court claiming that it should be Sandiganbayan which has jurisdiction. They elevated, via Petitions for Certiorari, the issue on jurisdiction with the Court of Appeals. Their separate petitions therein were docketed as CA G. R. SP Nos. 120311 and 120354 and later consolidated. On February 4, 2014, the Company received a copy of the Decision promulgated on January 27, 2014 by the Court of Appeals in the consolidated cases. The Decision denied both Araneta and Lokin's

Petitions for Certiorari. Lokin filed a Motion for Reconsideration of the Decision. The Company filed a Comment/Opposition (to Motion for Reconsideration dated February 19, 2014 filed by Luis Lokin) dated April 3, 2014. In the Resolution dated September 16, 2014, the Court of Appeals denied Lokin's Motion for Reconsideration.

On January 6, 2015, a Petition was filed by Benito R. Araneta assailing the Orders dated August 26, 2014 and October 17, 2014 issued by Judge Soriano in Civil Case No. 10-525. The said Orders declared as waived Araneta's right to present his witnesses whose compliant judicial affidavits have not been filed. On November 24, 2015 and December 21, 2015, PHC and Araneta filed their respective Memoranda.

On October 26, 2015, PHC filed a Petition for Certiorari with the Court of Appeals, docketed as CA G. R. No. 142748, assailing the RTC Makati, Branch 148 Joint Order dated May 29, 2015 and Order dated August 13, 2015 disallowing the testimony and the subpoena of witness Mr. Merlin V. Lamson of Bangko Sentral ng Pilipinas. On August 31, 2016, a Decision was issued denying the Petition. PHC decided to no longer pursue the case.

On December 6, 2016, a Petition for Certiorari was filed with the Court of Appeals, docketed as CA GR No. 148642, assailing the interlocutory Orders dated August 3, 2016 and October 3, 2016 issued by RTC Makati, Br. 62, which denied the Urgent Motion to Inhibit filed by Benito R. Araneta. On January 24, 2019, the Court issued a Decision denying the Petition.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC a) actual damages in the sum of P31,500,000.00 plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000.00 as and by way of exemplary damages; and c) P200,000.00 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Motions for Reconsideration of the said Decision.

On August 14, 2017, the RTC Makati issued an Order denying the Motions for Reconsideration filed by both respondents. Thus, Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively, and is docketed as CA G. R. No. CV-109987. On May 2, 2018 and June 5, 2018, the parties filed their Appellants' and Appellee's Briefs. During the mediation set by the Court of Appeals on January 23, 2019, the parties refused to have their case mediated. The case is now deemed submitted for decision.

On April 25, 2019, the Court of Appeals issued a Decision granting the appeal. On May 30, 2019, PHC filed its Motion for Reconsideration, which is denied in a Resolution dated October 24, 2019.

On November 26, 2019, PHC elevated the case to the Supreme Court via a Petition for Review under Rule 45, docketed as G. R. No. 250293. On March 9, 2020, Araneta filed his Comment. The case is pending.

b. PHC vs. Emerald Registry & Transfers Corporation, et al., (Civil Case No. 10-529) RTC Makati, Br. 149

The case is for Mandatory Injunction against Defendants Poblador and Alobba to compel them to return to PHC the stock and transfer book, the stock certificate booklet, and other corporate documents in their possession.

In addition to the prayer to compel Defendants to return to PHC all corporate books and records in their possession, PHC also prays that the sum of Php200,000.00 be paid to them as costs of suit.

In a Resolution dated December 22, 2017, the Regional Trial Court issued a writ of mandatory injunction against Defendant Concepcion A. Poblador to surrender and deliver to Plaintiff all the documents prayed for. The said Defendant was likewise ordered to pay Plaintiff the sum of Php323,170.40 as attorney's fees and Php7,625.00 for cost of suit.

Defendants then filed their Motion for Reconsideration against the said Resolution. Plaintiff, through undersigned counsel, then filed its Comment/Opposition last March 7, 2018. Thereafter, the Motion for Reconsideration was submitted for resolution. Thereafter, PHC filed a Motion for Preliminary Attachment to secure assets of Defendant Poblador as payment for the damages awarded. The Court, during the hearing last March 8, 2019, then ordered Defendants to file their Comment thereto. The case is pending.

c. PHC vs. Poblador (I.S. No. 08-B-1665), Office of the City Prosecutor of Makati

This is a complaint for estafa filed by PHC (represented by Jose Ma. Ozamiz) against Concepcion A. Poblador on February 12, 2008 to compel her to account for the P16.7 million advances she received. On February 9, 2009, the case was dismissed by the City Prosecutor. On March 5, 2009, PHC filed a Petition for Review with the Department of Justice. The DOJ issued a Resolution finding probable cause against Poblador but only for P247,093.00. PHC filed a partial motion for reconsideration and Poblador filed her own motion for reconsideration. On October 30, 2013, the Motions were denied with finality. An Information for P247,093.00 against Poblador was filed with the Regional Trial Court of Makati, Branch 59, docketed as Criminal Case No. 13-310.

On January 7, 2014, PHC filed a Petition for Certiorari praying that the DOJ file a new Information(s) against Poblador for Estafa for the total amount of PhP16,747,093. This case is docketed as CA G. R. SP No. 133378. On January 6, 2014, Poblador also filed a Petition for Certiorari docketed as CA G. R. SP No. 133362 praying that the Information filed against her be dismissed. Both cases were consolidated on August 29, 2014. PHC and Concepcion Poblador filed their Memoranda when directed by the CA.

On June 24, 2019, the CA issued a Decision denying both Petitions for Certiorari. Both parties filed Motions for Reconsideration with the CA denied on August 10, 2020. PHC has since decided not to pursue the case in the Supreme Court as the amount involved is already covered by the advances to affiliates case.

d. People vs. Brodett, Ortega, Campa, Quintos, (Criminal Case No. 09-409), RTC Makati, Br. 59

This is a complaint for estafa filed by PHC against Philip G. Brodett etc. for the misappropriation of P66.8 million in company funds. On April 24, 2009, an Information was filed against Brodett, Ortega, Campa and Quintos with the RTC-Makati and warrants of arrest to be issued against the defendants. After the presentation of the prosecution's evidence, the defendants filed a Motion to Dismiss by Demurrer to Evidence and on March 11, 2015, the Court issued an Order denying the same as to Brodett, granting the Motion as to Campa, and partially granting the Motion as to Quintos.

On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700.00, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. Brodett manifested that he will file his Motion for Reconsideration of the said Decision. On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling on Brodett's Motion for Reconsideration, the Court affirmed its Decision on December 2, 2020 convicting Brodett. Brodett filed an appeal on December 3, 2020.

e. PHC vs. Araneta (I.S. No. 08-E-4466), Office of the City Prosecutor of Makati

This is a complaint for estafa filed by PHC (represented by Erlinda I. Bildner) on May 23, 2008 against Benito V. Araneta for misappropriating a total of P82.6 million. The complaint alleges that Mr. Araneta received the said amount supposedly for money market placements on behalf of PHC. After formal demand, Mr. Araneta failed to show proof that the same was placed nor was he able to account for the same. The City Prosecutor dismissed the Complaint on the ground that the intra-corporate issues are still pending in the courts. On March 4, 2009, PHC filed a Petition for Review with the Department of Justice. The case remains pending.

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

Due to the lockdown in the 3rd quarter of 2021 as a result of the pandemic, the Corporation decided to postpone the annual stockholders' meeting from the 4th quarter of 2021 to the 1st quarter of 2022. Thus, no matters were submitted to a vote of security holders during the fiscal year covered by this report. Nevertheless,

- (a) The Annual Stockholders' Meeting was held on 24 January 2022.
- (b) In the said Annual Stockholders' Meeting, the directors elected were Katrina C. Ponce-Enrile, Erlinda I. Bildner, Pablo L. Lobregat, Marietta K. Ilusorio, Daniel C. Gutierrez, Santiago J. Ranada, Prudencio C. Somera, Victoria C. de los Reyes, Julie Yap-Daza, Oliverio L. Laperal, Jr. and Jose Ramon C. Ozamiz. The last three (3) enumerated above were elected as independent directors under Section 38 of the Code and SRC Rule 38.

- (c) The matters voted upon and unanimously approved by the stockholders include the approval of the minutes of the previous meeting, the notation and approval of the management report and the audited financial statements, the ratification of acts of management and the committees and the appointment of the external auditor. In addition, all the votes were cast in favor of the election of the above-enumerated directors.
- (d) There has been no matter submitted to a vote of security holders other than at the said meeting of such security holders.
- (e) The Corporation filed SEC Form 17-C containing similar information with the Commission and the Philippine Stock Exchange.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(1) *Market Information*

The Corporation's shares of stock are listed on the Philippine Stock Exchange, though not currently traded due to the suspension imposed by the Exchange. The authorized capital stock of the Corporation is one billion (1,000,000,000) shares, with a par value of P1.00 per share, of which sixty million (60,000,000) are listed on the Exchange. The SEC approved the registration of the remaining 940,000,000 shares on August 31, 2000 but upon the objection of then PCGG Chairman Camilo Sabio the PSE deferred action on the Corporation's application and later deemed it abandoned.

The principal market for the Corporation's common equity is the Philippine Stock Exchange. Trading of the corporation's shares has been suspended since May 2007, thus there have been no high and low sales prices within the last two (2) fiscal years and any subsequent period for which Financial Statements are required by SRC Rule 68.

(2) *Holdings*

The Corporation has 1,174 stockholders and the following are the top 20 stockholders of the Corporation as of December 31, 2021:

Name	No. of Shares	Percentage
Philippine Communications Satellite Corp.	796,595,690	79.94%
Prudencio Somera Jr.	100,000,100	10.03%
Oliverio G. Laperal	49,556,500	4.97%
PCD Nominee Corporation	15,864,534	1.59%
RCBC T/A 236-235	4,802,413	0.48%
Prince Resources, Inc.	4,000,000	0.40%
Marino Olondriz y Cia	2,985,600	0.29%
Jose Ma. Ozamiz	2,700,000	0.27%
RCBC T/A 36-250	2,689,000	0.26%
Philippine Oil Development Corporation	1,500,000	0.15%
Imperial Resources, Inc.	800,000	0.08%
Oliverio Laperal Jr.	776,743	0.07%
Benjamin Co Ca & Co., Inc.	504,300	0.05%
Regina Concepcion	481,000	0.04%
Rosa Maria Laperal	448,000	0.04%
Alexandra Laperal	440,000	0.04%
Agrifino Cheng	410,000	0.04%
Ansald Godinez & Co., Inc.	332,550	0.03%
Nenita Dacillo	320,000	0.03%
Bridgestone Securities Corporation	307,425	0.03%

(3) Dividends

The Corporation has not declared any dividends on any class of its common equity in the two most recent fiscal years and any subsequent interim period for which financial statements are to be presented in accordance with SRC Rule 68. There are no restrictions that limit the payment of dividends on common shares at present, or in the future.

(4) Recent sales of Unregistered Securities or Exempt Securities; Recent Issuance of Securities Constituting an Exempt Transaction

There has been no issuance of new securities, securities issued in exchange for property, services or other securities, and new securities resulting from the modification of outstanding securities.

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

(1) Management's Discussions and Analysis

Prior to 2007, the Corporation was under the control of the nominees of the Presidential Commission on Good Government (PCGG), namely Enrique L. Locsin, Manuel A. Andal, Julio Jalandoni, Guy de Leon and ex-nominee Benito Araneta. Together with Philip Brodett, Atty. Luis Lokin, and Concepcion Poblador, they spent, invested in and made advances to failed ventures, mismanaged and dissipated the Company's funds.

Under the management of the Brodett-Araneta-Poblador-Lokin-Locsin Group, the Corporation incurred more than P600M in losses and caused the erosion of shareholders' equity from P1,458 million in 2004 to P855.5 million. The book value per share plummeted from P1.46 to P0.85, below the par value per share of P1.00.

In addition, in May 2007, PHC shares were suspended from trading due to the failure of the Brodett-Araneta-Poblador-Lokin-Locsin Group to file Audited Financial Statements with the SEC and PSE.

Upon the present Management's taking control of PHC from the Brodett-Araneta-Poblador-Lokin-Locsin Group, SGV & Co., was commissioned to identify and inventory the accounting records and documents of the Company under the former management from 2005 to 2007. Thereafter, an independent audit was conducted beginning with the year 2005. Thus, for the years 2006, the independent external auditors engaged by present Management have issued clean, unqualified opinions on the Company's AFS.

Present Management will continue to seek justice for its stockholders by filing cases to recover the company funds from the Brodett-Araneta-Poblador-Lokin-Locsin Group.

Insofar as operations are concerned, the Articles of Incorporation limit the business of the Corporation to money market trading and holding of investments. Thus, the bulk of the Corporation's revenue comes from interest income. In order to diversify, the Corporation set up a 100% owned subsidiary, Philcomsat Management Enterprises, Inc. (PMEI) which provides management and consultancy services and whose initial venture was the acquisition of Professional Stock Transfer, Inc., a stock transfer agency.

The Corporation partnered with PMEI, the Philippine Overseas Telecommunications Corporation (POTC), and other suppliers in their successful bid for a telecommunications project for the Philippine Navy.

The Corporation provided a guarantee for Philcomsat in connection with the implementation of the government's Free Wi-Fi For All project which involves the installation of 3,000 VSat Wi-Fi sites. The contract with Philcomsat, its foreign partner and the Department of Information Communication Technology has, however, been terminated.

The Corporation is identifying and studying other business opportunities that will continue to provide it with income.

Together with its money market operations and investments, present Management was able to grow shareholder value from below P1.00, when it took over operations from the Brodett Group, to the current P1.52 per share.

Results of Operations (Consolidated)

Operations and Financial Condition for the last three (3) Fiscal Years

Revenues: In the fiscal year ended December 31, 2021, the Corporation generated revenue of P57.2 million compared to P54.2 million in 2020 and P58.3 million in 2019. Total comprehensive income for the year ended December 31, 2021 increased to P38.0 million from P23.7 million in 2020 and compared to P60.9 million in 2019.

Expenses: Costs and expenses increased slightly in 2021 to P38.4 million compared to P34.5 million in 2020 and P33.3 million in 2019.

Operating and Net Income/Loss: The Corporation realized a net income of P20.2 in 2021 compared to P18.8 million in 2020 and P20.6 million in 2019.

Income Statement (Consolidated) (P Million)

	2021	2020	2019
Revenue	57.2	54.2	58.3
Costs and Expenses	(38.4)	(34.5)	(33.3)
Gains or Losses on FX and Sales	2.9	(0.3)	(4.7)
Gross Profit	21.7	19.4	20.1
Provision for Tax	(1.5)	(0.6)	0.5
Net Income (Loss)	20.2	18.8	20.6
Other Comprehensive Income (Loss)	17.8	4.9	40.3
TOTAL COMPREHENSIVE INCOME	38.0	23.7	60.9

Financial Position

The company's comparative balance sheet is summarized below:

Balance Sheet (Consolidated)
(P Million)

	2021	2020	2019
Current Assets	496.6	465.1	438.1
Available-for-sale financial assets	1,026.6	1,018.9	998.2
Receivables (Non Current)	8.0	8.0	37.0
Other Assets	11.0	8.4	5.8
Total Assets	1,542.2	1,500.4	1,479.1
Current Liabilities	10.7	8.3	7.6
Non-current Liabilities	19.9	18.9	19.1
Stockholders' Equity	1,511.6	1,473.2	1,452.4

Balance Sheet Accounts (Consolidated)

Current Assets: Current assets of the Corporation as of December 31, 2021 totaled P496.6 million compared to P465.1 million in 2020 and P438.1 million in 2019. Of these amounts, cash and cash equivalents totaled P115.7 million in 2021, P209.4 million in 2020, and P208 million in 2019. The Corporation has sufficient cash resources to meet any expected requirement during the next twelve (12) months. The Corporation continued to increase its investments in AFS financial assets with P1,026.6 million in 2021 compared to P1,018.9 million in 2020 and P998.1 million in 2019.

Liabilities: The Corporation is substantially debt-free and has no material commitments for capital expenditures. Total current liabilities in 2021 was only P10.7 million, a slight increase from P8.3 million in 2020 and P7.6 million in 2019.

Deposit for Future Subscription: This represents the excess amount of the market value of the two properties which Philcomsat contributed in exchange for the number of the Corporation's shares received; as such, this amount is for the account of Philcomsat's future subscription to Corporation's common shares.

Stockholders' Equity: This is the residual balance sheet amount after subtracting Liabilities from Assets. Stockholders' equity once again increased to P1,511.6 million in 2021 compared to P1,473.2 million in 2020 and P1,452.4 million in 2019.

Key Performance Indicators ("KPI")

The Corporation's KPI for the years ended December 31, 2021, 2020 and 2019 are as follows:

Performance Indicator	Formula	2021	2020	2019
<i>Liquidity</i>				
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	46.52 : 1	55.77 : 1	57.71:1
<i>Leverage</i>				
Debt to Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Stockholders' Equity}}$	0.02 : 1	0.02 : 1	0.02:1
Asset to Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.02 : 1	1.02 : 1	1.02:1
<i>Profitability</i>				
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$	1.31%	1.25%	1.39%
Return on Equity	$\frac{\text{Net Income}}{\text{Total Equity}}$	1.34%	1.28%	1.42%

Liquidity

The Corporation's current ratio for 2021 is 46.52 compared to 55.77 in 2020 and 57.71 in 2019. The Company's liquidity position remains strong.

Leverage

Leverage is very low at 0.02:1 in 2021, 2020 and 2019.

Profitability

Return on Assets for 2021 is 1.31% compared to 1.25% in 2020 and 1.39% in 2019 while Return on Equity for 2021 is 1.34% compared to 1.28% in 2020 and 1.42% in 2019.

Notes to Financial Statements

Accounting Policies and Principles

The financial statements for the years 2021, 2020, and 2019 are presented in accordance with generally accepted accounting principles applied on a consistent basis.

Seasonality Aspects of the Business

The operations of PHC are not affected by seasonality or cyclicalities.

Past and Future Financial Condition and Results of Operations – For 2020 and 2019, please refer to the above discussion. For prior years, please refer to the Corporation's previous annual reports. Inasmuch as there are no known material events or commitments that are likely to affect the Corporation, it is expected that the future financial condition and results of operation would remain the same as the present.

Material Changes

(a) Any Known Trends, Events or Uncertainties (Material Impact on Liquidity)

There is no known trend, event or uncertainty that would have a material impact on liquidity.

(b) Event that will trigger direct or contingent financial obligations that is material to the company, including any default or acceleration of an obligation

The only event that may trigger a direct financial obligation that is material to the Corporation is a default by its 79% owner, Philcomsat, of the latter's obligation to Speedcast Limited where the Corporation acted as guarantee for Philcomsat. The Corporation's exposure is less than 15% of the Corporation's total assets.

As of December 31, 2021, the contract between Speedcast Limited and Philcomsat was terminated which should release the Corporation from its guarantee.

- (c) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

There is no off-balance sheet transaction, arrangement, obligation or other relationship with unconsolidated entities or persons during the reporting period.

- (d) Material Commitments for capital expenditures and expected sources of funds for such expenditures.

The company has no material commitment for capital expenditures.

- (e) Any Known Trends, Events or Uncertainties (Material Impact on Sales)

There is no known trend, event or uncertainty that will have a material impact on sales.

- (f) Any Significant Elements of Income or Loss (from continuing operations)

There is no significant element of income from continuing operations.

- (g) Causes for Any Material Changes from Period to Period of FS which shall include vertical and horizontal analyses of any material item (5%)

- a. Increases and decreases in cash and cash equivalents, receivables and due from related parties as a result of reclassification of some current assets and the purchase of financial assets, the net of which nevertheless still resulted in an increase in total current assets.
- b. Increase in ROU assets as a result of additions net of depreciation.
- c. Increase in property and equipment as a result of purchase of office equipment.
- d. Increase in other non-current assets as a result of creditable withholding tax and input VAT
- e. Increase in current and non-current lease liabilities in connection with the contract of lease of the Corporation over its office space which includes an escalation clause.
- f. Increase in other equity reserves as a result of unrealized fair value gains of financial assets measured as FVOCI

- (h) Seasonal Aspects that have a Material Effect on the FS

None.

Item 7. Financial Statements

The Consolidated and Separate Audited Financial Statements including the report of the independent accountants of the Corporation for the fiscal year ending 31 December 2021 are attached hereto as Annex "A".

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

The Corporation appointed Isla Lipana & Co. as its external auditor at the last Annual Stockholders' Meeting held on 24 January 2022, replacing the auditing firm of Mendoza Querido & Co. as external auditors. The replacement was a result of the favorable recommendation of the Treasurer/CFO to the Audit Committee and the Board due to her past experience working with Isla Lipana & Co. for another corporation.

There have been no disagreements between the Corporation and Mendoza Querido & Co. on accounting and financial disclosures in the last two (2) fiscal years.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Name, Age and Citizenship	Position	Period Served	Professional and Business Experience
Katrina C. Ponce-Enrile, 61, Filipino	Chairman and Executive Vice-President	April 2007 to Present	President and CEO- Philippine Overseas Telecommunications Corporation, President and CEO-Montemar Beach Club, Inc., Director and CFO-Philippine Communications Satellite Corporation, President and CEO-JAKA Group of Companies
Erlinda I. Bildner, 75, Filipino	Director/Treasurer/CFO	April 2007 to Present	President and CEO-Philippine Communications Satellite Corporation, Vice-Chair and Director- Philippine Overseas Telecommunications Corporation, Director-Montemar Beach Club, Inc., Director and Chair, Finance Committee – Baguio Country Club
Daniel C. Gutierrez, 66, Filipino	Director	December 2007 to Present	Partner-Soo Gutierrez Leogardo & Lee Law Offices; Law Professor and Bar Reviewer- Arellano University, Director-IBP, former Trustee-GSIS
Marietta K. Ilusorio, 70, Filipino	Director	May 2010 to Present	Director and Vice President, Philippine Overseas Telecommunications Corporation; Director and Vice-President, Philippine Communications Satellite Corporation; Director, Montemar Beach Club, Inc.
*Julie Y. Daza, 79, Filipino	Director	December 2015 to Present	Journalist, editor-in-chief, columnist, book author, and award-winning television talk show host
Pablo L. Lobregat, 67, Filipino	Director	April 2007 to Present	President-Crystal Sugar Co., Inc., President/Chairman-Oceanic Wireless Network, Inc., President-Aerocom Investors & Managers, Inc., Director – Philippine Communications Satellite Corporation, Director-Philippine Overseas Telecommunications Corporation
*Oliverio L. Laperal, Jr.,72, Filipino	Director	November 2017 to present	Co-President and Director of Imperial Resources; Co-President and Managing Director of Filipinas Golf & Country Club; President & Managing Director of R.S. Video & Film Productions
Prudencio C. Somera, Jr. 76, Filipino	Director	August 2004 to Present	Director – TKC Steel Corporation; Licensed Stockbroker; Columnist – Philippine Daily Inquirer

J. Santiago Ranada (ret), 84, Filipino	Director	December 2013 to Present	Partner, Ranada, Malaya Sanchez & Simpao, Specializes in the banking, insurance, maritime and real estate industries and in corporate rehabilitation proceedings, 28 years of service in the Philippine Judiciary as RTC Judge and CA Justice
*Jose Ramon C. Ozamiz, 62, Filipino	Director	December 2013 to Present	Surgeon – Makati Medical Center; 22 years of practice; Diplomate, Philippine Board of Surgery, Fellow, Philippine College of Surgeons, Member, Philippine Medical Association, Makati Medical Society, Philippine Society of General Surgeons
Victoria C. de los Reyes, 71	Director/ Corporate Secretary	November 18, 2019 to Present	Partner, Roxas de los Reyes Laurel & Rosario Law Offices. Engaged in the general practice of law - specializing in corporate law, foreign investments, establishment of corporations and other corporate vehicles, registration of securities, JVs, M&As, proxy contests, intra-corporate disputes and domestic relations.

**Independent director.*

*** Term of Office – The above directors were re-elected during the Annual Stockholders' Meeting held on 16 November 2020 and served until 24 January 2022, when the Corporation convened its Annual Stockholders' Meeting where they were all once again re-elected.*

(2) *Significant Employees*

As the Corporation has no regular employee at present, the executives and consultants of Philcomsat (the owner of 79% of the Corporation) are expected to make a significant contribution in enhancing the business of the Corporation and efficiently managing its operations.

(3) *Family Relationships*

None of the above-named directors and executive officers is related to another within the fourth (4th) civil degree of consanguinity or affinity, aside from Ms. Erlinda I. Bildner and Ms. Marietta K. Ilusorio who are sisters.

(4) *Involvement in Certain Legal Proceedings*

During the past five (5) years no incumbent director or executive officer was involved in any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; any conviction by final judgment in a criminal proceeding, domestic or foreign; any order, judgment, or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or was found by a domestic or foreign court of competent jurisdiction in a civil action, the Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

(1) and (2) Executive Officers

Name	Position	Salary	Allowance	Bonus	Total
Katrina C. Ponce-Enrile	President	1,500,000.00			1,500,000.00
Victoria C. de los Reyes	Vice President	326,666.64			326,666.64
Erlinda I. Bildner	Treasurer	1,200,000.00			1,200,000.00
Manolita L. Morales	Asst. Treasurer	1,080,000.00			1,080,000.00
John Benedict L. Sioson	Corp. Secretary	1,020,000.00			1,020,000.00
Total					5,126,666.64

(3) Compensation of Directors

Name	Position	Salary	Allowance	Bonus	Total
Katrina C. Ponce Enrile	Director		300,000.00		300,000.00
Erlinda I. Bildner	Director		300,000.00		300,000.00
Daniel C. Gutierrez	Director		300,000.00		300,000.00
Pablo L. Lobregat	Director		300,000.00		300,000.00
Oliverio L. Laperal, Jr.	Director		300,000.00		300,000.00
Victoria de los Reyes	Director		0.0		0.0
Julie Yap Daza	Director		300,000.00		300,000.00
Marietta K. Ilusorio	Director		300,000.00		300,000.00
Santiago J. Ranada	Director		600,000.00		600,000.00
Jose Ramon C. Ozamiz	Director		25,000.00		25,000.00
Prudencio C. Somera, Jr.	Director		25,000.00		25,000.00
Total			2,750,000.00		2,750,000.00

Aside from the foregoing, there are no other arrangements and contracts pursuant to which any director was or is to be compensated directly or indirectly during the last fiscal year and the ensuing year.

(4) Employment Contracts/Termination of Employment/Change-in-Control Arrangements

There are no employment contracts between the Corporation and any of its executive officers. There are likewise no compensatory plans or arrangements with respect to any executive officer which result or will result from his resignation, retirement or any other termination of his employment or from any change in control of the Corporation or a change in the executive officer's responsibilities following any change in control of the Corporation.

(5) Warrants and Options Outstanding

There are no outstanding warrants or options held by the Corporation's executive officers and directors. There is no action proposed to be taken with regard to any bonus, profit-sharing or other compensation plan, contract or arrangement in which any director, nominee for election as a director or executive officer of the Corporation will participate, any pension or retirement plan in which any such person will participate, and any granting or extension to any such person of any options, warrants or rights to purchase any securities.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2021, and based on the latest available information, except for Philcomsat and Mr. Prudencio C. Somera, Jr., there is no other person or group, directly or indirectly appearing as stockholder on record or beneficial owner of more than 5% of any class of voting shares of the Corporation.

Class	Name, Address of Record Owner and Relationship with Issuer	Name, Address of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	%
n/a	n/a	n/a	n/a	n/a	n/a

(2) Security Ownership of Management

As of 31 December 2021, the security ownership of management is as follows:

Class	Name	Nature of Ownership	Citizenship	Percentage
Common	Prudencio C. Somera, Jr.	(R)	Filipino	10.04%
Common	Erlinda I. Bildner	(R)	Filipino	-negligible-
Common	Katrina C. Ponce-Enrile	(R)	Filipino	-negligible-
Common	Santiago J. Ranada	(R)	Filipino	-negligible-
Common	Victoria C. de los Reyes	(R)	Filipino	-negligible-
Common	Directors and Officers as a Group Unnamed	(R)	Filipino	<11%

(3) Voting Trust Holders

There are no persons holding more than 5% of a class under a voting trust agreement.

(4) Changes in Control

There are no arrangements that may result in a change in control of the Corporation.

Item 12. Certain Relationships and Related Transactions

(1) and (2) There is no transaction during the last two years or proposed transaction to which the Corporation was or is to be a party in which any director, executive officer, nominee for election as a director, security holder owning five percent (5%) or more or member of their immediate family had or is to have a direct or indirect material interest.

(3) The Corporation is 79% owned by the Philippine Communications Satellite Corporation which in turn is wholly-owned by the Philippine Overseas Telecommunication Corporation. The remaining 21% is owned by Prudencio Somera, Jr. and the general public.

(4) There has been no transactions with promoters in the past five (5) years.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The details under this Item will be discussed in the Corporation's 2021 i-ACGR.

Item 14. Exhibits and Reports

- (a) Exhibits. Statement of Management's Responsibility for Financial Statements and Audited Financial Statements (Consolidated and Separate) for the fiscal period ending 31 December 2021 as Annex "A".
- (b) Sustainability Report as required by the Securities and Exchange Commission as Annex "B".
- (c) Reports on SEC Form 17-C. During the last 6 months, the Corporation filed SEC Form 17-C detailing the matters taken up during the Annual Stockholders' Meeting held on 24 January 2022.

SIGNATURES

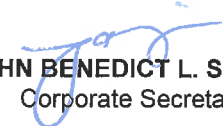
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Makati City on CITY OF MANILA.

By:


KATRINA C. PONCE-ENRILE
Chief Executive Officer/President


ERLINDA I. BILDNER
Chief Operating and Financial Officer/Treasurer


MARIA CORAZON C. AQUINO
Comptroller and Principal Accounting Officer


JOHN BENEDICT L. SIOSON
Corporate Secretary

13 APR 2022

SUBSCRIBED AND SWORN to before me this ____ day of April 2022 affiants exhibiting to me their identification as follows:

Name	ID	Date of Issue	Place of Issue
Katrina C. Ponce-Enrile	PP No. P5615337A	15 January 2018	DFA Manila
Erlinda I. Bildner	Senior Citizen 49633	20 September 2019	Makati City
Maria Corazon C. Aquino	PRC ID No. 0097868	17 August 2018	Sampaloc, Manila
John Benedict L. Sioson	DL NO4-89-110776	17 September 2019	LTO Makati

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Book No. LXXV
Series of 2022.

ATTY. LEONARDO A. SARMIENTO III
Notary Public for the City of Manila
Notarial Commissioner, NO. 2021-049
Expiration: 06-30-2022 B.M. No. 3795
PTR No. 0154919/01/04/2022
IBP CR No. 094682/01-04-2022
Roll of Attorney No. 55618
MCLE No. VI-0022748/04-02-19



PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines
Tel.No.: 8815-8406; Fax No.: 8816-2517 www.phc.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Board of Directors is responsible for overseeing the Group'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 or members.

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

SANTIAGO J. RANADA
Chairman of the Board

KATRINA C. PONCE-ENRILE
President

ERLINDA I. BILDNER
Treasurer

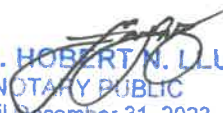
April 16, 2022

18 APR 2022

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2022 in MAKATI CITY, affiants exhibiting to me the following :

<u>Name</u>	<u>Government ID No.</u>	<u>Place/Date of Issue</u>
Santiago J. Ranada	PP No. P0274808B	DFA NCR East / 17 January 2019
Katrina C. Ponce Enrile	PP No. P5615337A	DFA Manila / 15 January 2018
Erlinda I. Bildner	Senior Citizen ID No.49633	Makati City / 20 September 2019

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Page No. 20
Book No. 05
Series of 2022


ATTY. ROBERT N. LLUZA
NOTARY PUBLIC
Until December 31, 2023
Appt. No. M-048, Makati City
IBP #152106 for 2022 - RSM
S.C. Roll No. 59597
PTR #8848837, Jan. 03, 2022-Makati
MCLE Compliance No. VII-0003434
Issued on 06-24-2021, Valid until 04-14-2025
Unit 301 3rd Flr. Campos Rueda Bldg
101 Urban Ave., Brgy. Pio del Pilar, Makati City



Independent Auditor's Report

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at December 31, 2021, and their consolidated financial performance and cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2021;
- the consolidated statement of total comprehensive income for the year ended December 31, 2021;
- the consolidated statement of changes in equity for the year ended December 31, 2021;
- the consolidated statement of cash flows for the year ended December 31, 2021; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

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

We 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

Independent Auditor's Report
 To the Board of Directors and Shareholders of
 Philcomsat Holdings Corporation
 Page 2

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 judgments; 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 audit 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.

We identified the following key audit matter:

Key audit matter	How our audit addressed the Key Audit Matter
<p>Fair valuation of financial assets at fair value through other comprehensive income</p> <p>Refer to notes 5 and 21.2 to the consolidated financial statements</p> <p>As at December 31, 2021, the Group has financial assets at fair value through other comprehensive income (FVOCI) amounting to P1.027 billion. Valuation of financial assets at FVOCI has been identified as a key audit matter primarily due to the significance of its amount, the volume of transactions, as well as the price volatility of the market. Any changes in market prices could expose the Group to significant market risk that may affect other comprehensive income, or profit or loss (upon disposal).</p>	<p>Our audit procedures to address the relevant assertion over valuation of financial assets at FVOCI included the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Group's treasury and investment policies, processes, method, and assumptions used in determining fair value. In accordance with PFRS 9 and 13, the Group uses the market approach in determining valuation of each equity and debt financial instruments and identified level 1 inputs (i.e., quoted prices) as the relevant data input. • In order to test the valuation of financial assets at FVOCI as at December 31, 2021, we tested the inputs used by management in the valuation of the financial assets at FVOCI by agreeing data inputs against an independent source (i.e., Philippine Stock Exchange index).



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
Page 3

Other Matter

The consolidated financial statements of the Group as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated April 12, 2021 expressed an unqualified opinion on those consolidated financial statements.

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), and SEC Form 17-A (Annual Report), but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A (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 audit 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 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 or to cease operations of the Group, or has no realistic alternative but to do so.

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

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

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

Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
Page 4

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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
Page 5

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 Carlos Federico C. de Guzman.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 229-481-265

BIR A.N. 08-000745-141-2020, issued on November 4, 2020; effective until November 3, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 18, 2022



Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

We have audited the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2021, on which we have rendered the attached report, dated April 18, 2022.

In compliance with the Revised SRC Rule 68 and based on the certification received from the Parent Company's corporate secretary and the results of the work we performed, the Parent Company has 1,152 shareholders owning one hundred (100) or more shares each as at December 31, 2021.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

TIN 229-481-265

BIR A.N. 08-000745-141-2020, issued on November 4, 2020; effective until November 3, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 18, 2022

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.

Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

We have audited the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated April 18, 2022. The supplementary information shown in the *Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration, Map of Relationships of the Companies within the Group and Schedules A, B, C, D, E, F and G*, as additional components required by the Revised Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Group's management and has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements. In our opinion, the supplementary information has been prepared in accordance with Revised Rule 68 of the SRC.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 229-481-265

BIR A.N. 08-000745-141-2020, issued on November 4, 2020; effective until November 3, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 18, 2022

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



Statements Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
12th Floor Telecom Plaza Building
316 Sen. Gil Puyat Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Philcomsat Holdings Corporation (the "Parent Company") and its subsidiaries (together, the "Group") as at and for the year ended December 31, 2021, on which we have issued our report thereon dated April 18, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Parent Company's management. These financial soundness indicators are not measures of 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 purposes of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at and for the year ended December 31, 2021 and no material exceptions were noted.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;

valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;

valid to audit 2020 to 2024 financial statements

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Makati City
April 18, 2022

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Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Consolidated Statement of Financial Position
As at December 31, 2021
(With comparative figures as at December 31, 2020)
(All amounts in Philippine Peso)

	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents	2	115,731,576	209,405,976
Receivables	3	187,446,012	241,803,823
Due from related parties	15	193,170,071	13,335,379
Financial assets at fair value through profit or loss (FVPL)		106,884	86,760
Other current assets		120,515	423,620
Total current assets		496,575,058	465,055,558
Non-current assets			
Financial assets at fair value through other comprehensive income (FVOCI)	5	1,026,598,356	1,018,865,149
Receivables - non-current portion	3	8,000,000	8,000,000
Investment property	6	2,249,424	2,249,424
Right-of-use (ROU) assets, net	9	1,971,502	237,777
Property and equipment, net	7	60,702	14,208
Deferred income tax asset	14	-	43,653
Other non-current assets	4	6,738,353	5,964,735
Total non-current assets		1,045,618,337	1,035,374,946
Total assets		1,542,193,395	1,500,430,504
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	8	4,966,835	4,146,493
Due to a related party	15	3,948,624	3,948,624
Lease liabilities - current	9	1,758,591	243,197
Total current liabilities		10,674,050	8,338,314
Non-current liabilities			
Deposit for future stock subscription	15	18,894,000	18,894,000
Lease liabilities - non-current	9	257,209	-
Deferred income tax liabilities, net	14	795,447	-
Total non-current liabilities		19,946,656	18,894,000
Total liabilities		30,620,706	27,232,314
Equity			
Share capital	10	996,391,254	996,391,254
Retained earnings		492,359,406	477,971,839
Other equity reserves	5	22,822,029	(1,164,903)
Total equity		1,511,572,689	1,473,198,190
Total liabilities and equity		1,542,193,395	1,500,430,504

The notes on pages 1 to 42 are integral part of these consolidated financial statements

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Consolidated Statement of Income
For the year ended December 31, 2021
(With comparative figures for the years ended December 31, 2020 and 2019)
(All amounts in Philippine Peso, except earnings per share)

	Notes	2021	2020	2019
Income	11	57,280,800	54,260,872	58,291,926
Costs and expenses	12	(38,376,329)	(34,528,360)	(33,335,900)
Other income (charges)	13	2,865,724	(300,677)	(4,705,385)
Finance costs	9	(40,908)	(64,988)	(115,750)
Profit before income tax		21,729,287	19,366,847	20,134,891
Income tax (expense) benefit	14	(1,522,438)	(550,400)	483,110
Profit for the year		20,206,849	18,816,447	20,618,001
Other comprehensive income for the year				
<i>Item that may be subsequently reclassified to profit or loss</i>				
Fair value gain (loss) on debt instruments at FVOCI		(6,692,967)	11,348,642	26,302,694
<i>Item that will not be subsequently reclassified to profit or loss</i>				
Fair value (loss) gain on equity instruments at FVOCI		24,511,552	(6,428,000)	13,997,251
	5	17,818,585	4,920,642	40,299,945
Total comprehensive income for the year		38,025,434	23,737,089	60,917,946
Earnings per share (basic and diluted)	16	0.0203	0.0189	0.0207

The notes on pages 1 to 42 are integral part of these consolidated financial statements.

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Consolidated Statement of Changes in Equity
For the year ended December 31, 2021
(With comparative figures for the years ended December 31, 2020 and 2019)
(All amounts in Philippine Peso)

	Share capital (Notes 10)	Retained earnings	Other equity reserves	Total equity
Balances at January 1, 2019	996,391,254	432,270,114	(39,864,383)	1,388,796,985
Comprehensive income for the year				
Profit for the year	-	20,618,001	-	20,618,001
Other comprehensive income for the year	-	-	40,299,945	40,299,945
Total comprehensive income for the year	-	20,618,001	40,299,945	60,917,946
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income (FVOCI)	-	4,742,985	(4,742,985)	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	2,687,077	2,687,077
Balances at December 31, 2019	996,391,254	457,631,100	(1,620,346)	1,452,402,008
Comprehensive income for the year				
Profit for the year	-	18,816,447	-	18,816,447
Other comprehensive income for the year	-	-	4,920,642	4,920,642
Total comprehensive income for the year	-	18,816,447	4,920,642	23,737,089
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income (FVOCI)	-	1,524,292	(1,524,292)	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	(2,940,907)	(2,940,907)
Balances at December 31, 2020	996,391,254	477,971,839	(1,164,903)	1,473,198,190
Comprehensive income for the year				
Profit for the year	-	20,206,849	-	20,206,849
Other comprehensive income for the year	-	-	17,818,585	17,818,585
Total comprehensive income for the year	-	20,206,849	17,818,585	38,025,434
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income (FVOCI)	-	(5,819,282)	5,819,282	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	349,065	349,065
Balances at December 31, 2021	996,391,254	492,359,406	22,822,029	1,511,572,689

The notes on pages 1 to 42 are integral part of these consolidated financial statements.

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Consolidated Statement of Cash Flows
For the year ended December 31, 2021
(With comparative figures for the years ended December 31, 2020 and 2019)
(All amounts in Philippine Peso)

	Notes	2021	2020	2019
Cash flows from operating activities				
Profit before income tax		21,729,287	19,366,847	20,134,891
Adjustments for:				
Realized loss (gain) on sale of debt instruments	5,13	349,065	(2,940,907)	2,687,077
Depreciation	7,9	1,717,775	1,566,797	1,360,235
Interest expense	9,10	40,908	64,988	115,750
Provision for impairment of receivables	2,12	2,797	-	-
Unrealized foreign exchange (gain) loss		(3,194,665)	3,216,279	2,017,103
Unrealized (gain) loss on financial assets at fair value through profit or loss (FVPL)	4,13	(20,124)	25,305	1,205
Operating income before changes in assets and liabilities		20,625,043	21,299,309	26,316,261
Decrease (increase) in:				
Receivables		55,865,014	(693,355)	(69,083,591)
Due from related parties		(179,834,692)	(79,580)	4,000,000
Other current assets		303,105	(191,783)	(159,673)
Other non-current assets		(526,768)	-	-
(Decrease) increase in trade and statutory payables		820,342	2,101,667	(4,356,241)
Cash (used in) generated from operations		(102,747,956)	22,436,258	(43,283,244)
Acquisitions of:				
Financial assets at FVOCI	5	(281,309,746)	(420,412,719)	(324,494,312)
Proceeds from redemption and maturity of:				
Financial assets at FVOCI	5	289,885,124	404,660,863	289,451,782
Income taxes paid		(930,188)	(455,638)	(925,948)
Net cash (used in) from operating activities		(95,102,766)	6,228,764	(79,251,722)
Cash flow from investing activities				
Additions to property and equipment	7	(63,562)	-	-
Additions to investment property	6	-	-	(17,324)
Net cash used in investing activities		(63,562)	-	(17,324)
Cash flow from financing activities				
Payments of:				
Lease liabilities	10	(1,661,829)	(1,599,265)	(1,179,879)
Interest on lease liabilities	10	(40,908)	(64,988)	(115,750)
Cash used in financing activities		(1,702,737)	(1,664,253)	(1,295,629)
Net (decrease) increase in cash		(96,869,065)	4,564,511	(80,564,675)
Cash and cash equivalents at beginning of year		209,405,976	208,057,744	290,638,317
Effects of exchange rate changes on cash and cash equivalents		3,194,665	(3,216,279)	(2,015,898)
Cash and cash equivalents at end of year		115,731,576	209,405,976	208,057,744

The notes on pages 1 to 42 are integral part of these consolidated financial statements.

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Notes to Consolidated Financial Statements
As at and for the year ended December 31, 2021
(With comparative figures as at December 31, 2020 and
for the years ended December 31, 2020 and 2019)
(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

1.1 Corporate information

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Parent Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business. of mining in general. The Parent Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Parent Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Parent Company started operations as a holding company on January 1, 2000. The Parent Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of the Parent Company's corporate life for another fifty (50) years.

On May 23, 2016, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P3.0 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

The Parent Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The Group's ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The Parent Company and all of its subsidiaries (collectively referred to as "the Group") were incorporated in the Philippines. The following are the subsidiaries and the respective percentages of ownership as at December 31, 2021 and 2020:

Subsidiary	Principal Business Activity	Percentage of ownership			
		2021		2020	
		Direct	Indirect	Direct	Indirect
Philcomsat Management Enterprises Inc. (PMEI)	Management Services	100	-	100	-
Professional Stock Transfer Inc. (PSTI)	Stock Transfer Agency	-	100	-	100

*Parent Company's ownership in PSTI is indirect through PMEI.

The registered office address and principal place of business of the subsidiaries are as follows:

Philcomsat Management Enterprises Inc. (PMEI)	12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City
Professional Stock Transfer Inc. (PSTI)	12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City

The registered address and principal place of business of the Parent Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

1.2 Listing of shares in Philippine Stock Exchange (PSE)

The Parent Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Parent Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Parent Company's registration of securities from the date of the receipt of the Order until the Parent Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Parent Company, through its legal counsel, submitted to the SEC a letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Parent Company to file an updated Registration Statement.

As at the date of report, the Parent Company is still in the process of preparing the updated Registration Statement.

1.3 Impact of Coronavirus of 2019 (COVID-19)

COVID19 persisted in 2020 and 2021, and continued to severely impact the country's economy as lockdowns were extended due to rising infections. The government strictly implemented anti-COVID19 measures and deployed the much-awaited vaccines as supplies arrived; these resulted in the decrease of daily infections which was a signal for businesses to restart operations and revive local economic activity during the remaining months of the year.

As the Company derives its income from money market placements, bank deposits and other financial instruments, the Company continuously monitored the investee-companies' performances in light of the adverse effects of lockdowns on the economy. The Company maintained its portfolio of investments in prime issues and invested in certain new bonds offered during the year as well as in the initial public offering of common and preferred shares.

1.4 Approval of the consolidated financial statements

The consolidated financial statements of the Group were approved and authorized for issue by the Parent Company's BOD on April 16, 2022.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	9,485	15,000
Cash in banks	59,577,239	48,430,469
Cash equivalents	56,144,852	160,960,507
	115,731,576	209,405,976

Cash in banks earns interest at prevailing bank deposit rates.

Cash equivalents pertain to special savings and time deposits, with terms of varying periods up to three (3) months depending on the immediate cash requirements of the Group and earn interest at prevailing special savings and time deposits rates.

Interest income earned from cash in banks and cash equivalents for the year ended December 31, 2021 amounted to P751,605 (2020 - P2,551,729; 2019 - P9,524,726) (Note 11).

Note 3 - Receivables

Receivables as at December 31 consist of:

	Note	2021	2020
Notes and loans receivable			
Promissory notes issued by various financial institutions		53,000,000	132,267,379
Corporate notes	15	125,032,110	110,564,269
Interest receivable		14,284,642	5,749,103
		192,316,752	248,580,751
Retainer fee receivable		1,510,665	1,107,449
Less: Allowance for ECL		(15,064)	(12,267)
Retainer fee receivable, net		1,495,601	1,095,182
Dividend receivables		24,515	28,091
Others		1,609,144	99,799
Subtotal		195,446,012	249,803,823
Less: Non-current portion		(8,000,000)	(8,000,000)
Current portion		187,446,012	241,803,823

Movements in the allowance for ECL are summarized below:

	Note	2021	2020	2019
Balance at beginning of year		12,267	12,267	58,000
Additions	12	2,797	-	12,267
Reversal		-	-	(58,000)
Balance at end of year		15,064	12,267	12,267

Notes and loans receivable

Corporate notes

Unsecured corporate notes outstanding as at December 31, 2021 and 2020 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

Promissory notes issued by financial institutions

Unsecured promissory notes are issued by various financial institutions with terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum.

In 2021, interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P14.6 million (2020 - P12.3 million; 2019 - P11.0 million) (Note 11).

For the year ended December 31, 2020, interest receivable amounting to P1.7 million was converted to principal amount of promissory notes receivable. This transaction is considered as a non-cash investing activity in the consolidated statement of cash flows.

As at December 31, 2021 and 2020, all outstanding amount of receivables are collectible in cash, interest bearing, unsecured and unguaranteed.

Critical accounting estimate: Provision for impairment of receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables is recoverable.

Note 4 - Other non-current assets

Other non-current assets as at December 31 consist of:

	2021	2020
Creditable withholding tax (CWT)	3,149,302	2,902,452
Input value-added tax (VAT)	2,269,622	1,742,854
Goodwill	1,319,429	1,319,429
	6,738,353	5,964,735

Goodwill pertains to the acquisition of PSTI by PMEI amounting to P1.3 million.

Management assessed that the recoverable amount of PSTI, the CGU to which the goodwill is allocated, exceeds its carrying amount. In estimating the related value in use, management used a cash flow projection based on past performance of the acquiree covering a five-year period at a discount rate of 4.44% in 2021, 2020 and 2019. Cash flows beyond that five-year period have been extrapolated using the Group's average historical growth rate.

No impairment on goodwill was recognized as at each reporting period.

Critical accounting judgement: Recoverability of CWT and input VAT

The Group reviews at each reporting date whether there is any objective evidence that the Group's CWT and input VAT is impaired. In making this judgment, the Group evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied. Management believes that the carrying amount of CWT as at each reporting date is recoverable.

Note 5 - Financial assets through other comprehensive income (OCI)

Financial assets at FVOCI as at December 31 consist of:

	2021	2020
Investments in:		
Quoted bonds	647,466,219	669,389,023
Quoted shares of stocks	262,588,256	239,241,502
Unit investment trust funds (UITF)	111,143,881	104,934,624
Club memberships	5,400,000	5,300,000
	1,026,598,356	1,018,865,149

Movements of financial assets at FVOCI for the years ended December 31 are as follows:

	Cost	Fair value reserve	Carrying value
At January 1, 2020	994,889,263	(1,620,346)	993,268,917
Acquisitions of FVOCI	420,412,719	-	420,412,719
Disposals of FVOCI	(395,271,930)	(4,465,199)	(399,737,129)
Unrealized gain credited to OCI, net	-	4,920,642	4,920,642
At December 31, 2020	1,020,030,052	(1,164,903)	1,018,865,149
Acquisitions of FVOCI	281,309,746	-	281,309,746
Disposals of FVOCI	(297,563,471)	6,168,347	(291,395,124)
Unrealized gain credited to OCI, net	-	17,818,585	17,818,585
At December 31, 2021	1,003,776,328	22,822,029	1,026,598,356

The movements in fair value reserve on FVOCI included in the statements of financial position in equity for the years ended December 31 are as follows:

	2021	2020	2019
Beginning balance	(1,164,903)	(1,620,346)	(39,864,383)
Unrealized gain credited to OCI, net	17,818,585	4,920,642	40,299,945
Reclassification of loss (gain) from OCI to profit or loss on disposal of debt instruments at FVOCI	349,065	(2,940,907)	(4,742,985)
Transfer from other reserves directly to retained earnings of loss (gain) on disposal of equity instruments at FVOCI	5,819,282	(1,524,292)	2,687,077
Ending balance	22,822,029	(1,164,903)	(1,620,346)

Interest income earned from financial assets at FVOCI amounted to P25.2 million in 2021 (2020 - P26.3 million; 2019 - P24.0 million) (Note 11).

Dividend income earned from financial assets at FVOCI amounted to P7.7 million in 2021 (2020 - P6.5 million; 2019 - P7.8 million) (Note 11).

For the year ended December 31, 2021, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P349,065 (2020 - P2,940,907 gain; 2019 - P2,687,077 loss).

For the year ended December 31, 2021, realized loss on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P5,819,282 (2020 - P1,524,292 gain; 2019 - P4,742,985).

The fair value of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (quoted bonds, quoted shares of stock and club memberships) and Level 2 (UITF).

Critical accounting estimate: Fair value of financial instruments

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market-based or independently sourced market parameters. The Group's financial assets at FVOCI as at December 31, 2021 and 2020 comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded or can be bought and sold.

The sensitivity analysis on the reasonable possible changes in market prices of the Group's financial assets at FVOCI is disclosed in Note 20.

Note 6 - Investment property

The Group's investment property relates to certain parcel of land of one thousand two hundred (1,200) square meters located at Pasinay, Bagac, Bataan. As at December 31, 2021 and 2020, the carrying value of investment property approximates its fair value, determined using Level 2 hierarchy.

In January 16, 2019, the land was transferred to the name of PMEI.

Level 2 fair values of investment property has been derived using the market approach. In market approach, the value of the investment property is based on recorded sales and listings (or asking prices) of comparable property registered within the vicinity amounted to P3,042,000. The most significant input into this valuation approach is the zonal value price per square foot. The investment property is not pledged as security for liabilities to related parties as at December 31, 2021 and 2020.

Critical accounting judgement: Recoverability of investment property

The Group's investment property are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. On a regular basis, management determines if there are triggering events or impairment indicators based on current circumstances. An impairment loss is recognized whenever evidence exists that the carrying value is not recoverable.

As at December 31, 2021 and 2020, management believes, based on its assessment and judgment, that there are no indications of impairment or changes in circumstances indicating that the carrying amount of its non-financial assets may be impaired.

Note 7 - Property and equipment, net

Property and equipment, net as at December 31 consist of:

	Transportation equipment	Furniture and fixtures	Office equipment	Office improvement	Total
At January 1, 2019					
Cost	5,011,638	3,528,775	1,187,730	39,325	9,767,468
Accumulated depreciation	(4,952,685)	(3,528,775)	(1,090,007)	(39,325)	(9,610,792)
Net carrying value	58,953	-	97,723	-	156,676
Year ended December 31, 2019					
Opening net carrying value	58,953	-	97,723	-	156,676
Depreciation expense	(32,566)	-	(54,275)	-	(86,841)
Closing net carrying value	26,387	-	43,448	-	69,835
At January 1, 2020					
Cost	5,011,638	3,528,775	1,187,730	39,325	9,767,468
Accumulated depreciation	(4,985,251)	(3,528,775)	(1,144,282)	(39,325)	(9,697,633)
Net carrying value	26,387	-	43,448	-	69,835
Year ended December 31, 2020					
Opening net carrying value	26,387	-	43,448	-	69,835
Depreciation expense	(12,179)	-	(43,448)	-	(55,627)
Closing net carrying value	14,208	-	-	-	14,208
At December 31, 2020					
Cost	5,011,638	3,528,775	1,187,730	39,325	9,767,468
Accumulated depreciation	(4,997,430)	(3,528,775)	(1,187,730)	(39,325)	(9,753,260)
Net carrying value	14,208	-	-	-	14,208

	Transportation equipment	Furniture and fixtures	Office equipment	Office improvement	Total
At December 31, 2020					
Cost	5,011,638	3,528,775	1,187,730	39,325	9,767,468
Accumulated depreciation	(4,997,430)	(3,528,775)	(1,187,730)	(39,325)	(9,753,260)
Net carrying value	14,208	-	-	-	14,208
Year ended December 31, 2021					
Opening net carrying value	14,208	-	-	-	14,208
Addition	-	-	63,562	-	63,562
Depreciation expense	(12,178)	-	(4,890)	-	(17,068)
Closing net carrying value	2,030	-	58,672	-	60,702
At December 31, 2021					
Cost	5,011,638	3,528,775	1,251,292	39,325	9,831,030
Accumulated depreciation	(5,009,608)	(3,528,775)	(1,192,620)	(39,325)	(9,770,328)
Net carrying value	2,030	-	58,672	-	60,702

Depreciation expense from property and equipment charged to profit or loss is allocated as follows:

	Note	2021	2020	2019
Cost of services	12	-	-	440
General and administrative expenses	12	17,068	55,627	86,401
		17,068	55,627	86,841

Fully depreciated property and equipment being used by the Group amounted to P9.7 million as at December 31, 2021 and 2020.

Note 8 - Trade and other payables

Trade and other payables as at December 31 consist of:

	2021	2020
Trade and other payables	3,221,582	2,145,630
Customer deposits	1,237,874	1,237,874
Statutory payables	507,379	762,989
	4,966,835	4,146,493

Trade and other payables are noninterest-bearing and are normally settled on a 30-day credit term.

Customer deposits pertain to rental deposits received from the lessee of condominium units and parking slots sold in 2018. The Group is expected to refund these deposits to its lessees upon completion of the required documentations.

Statutory payables pertain to expanded withholding taxes.

Note 9 - Lease commitments

The Group as a lessee

The Group has a lease agreements with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020. On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

(i) *Amounts recognized in the statements of financial position*

Movements in the ROU asset as at December 31 are presented below:

	Note	2021	2020	2019
Beginning balance		237,777	1,748,947	-
Additions		3,434,432	-	3,022,341
Depreciation	12	(1,700,707)	(1,511,170)	(1,273,394)
Ending balance		1,971,502	237,777	1,748,947

Details of ROU assets as at December 31 are as follows.

	2021	2020
Cost	6,456,773	3,022,341
Accumulated depreciation	(4,485,271)	(2,784,564)
	1,971,502	237,777

Movements in the lease liabilities as at December 31 are presented below:

	2021	2020	2019
Beginning balance	243,197	1,842,462	-
Additions	3,434,432	-	3,022,341
Interest expense	40,908	64,988	115,750
Payments	(1,702,737)	(1,664,253)	(1,295,629)
Ending balance	2,015,800	243,197	1,184,262

Total cash outflows for the payment of lease liabilities for the years ended December 31, 2021 amounted to P1,702,737 (2020 - P1,664,253; 2019 - P1,295,629).

The present value of lease liabilities as at December 31 follows:

	2021	2020
Not later than one year	1,758,591	243,197
More than one year but not later than five years	257,209	-
	2,015,800	243,197

Future minimum lease payments under lease liabilities and the net present value of the minimum lease payments as at December 31 follows:

	2021	2020
Not later than one year	1,781,396	246,775
More than one year but not later than five years	259,114	-
Total minimum lease obligation	2,040,510	246,775
Less: Future finance charges on lease liabilities	24,710	3,578
	2,015,800	243,197

(ii) *Amounts recognized in the statements of total comprehensive income*

The following are the amounts recognized in the consolidated statements of total comprehensive income:

	Note	2021	2020	2019
Depreciation on ROU assets		1,700,707	1,511,170	1,273,394
Interest expense on lease liabilities		40,908	64,988	115,750
Rent expense	10	-	-	235,024
		1,741,615	1,576,158	1,624,168

Depreciation expense from the ROU assets is allocated as follows:

	Note	2021	2020	2019
Cost of services	12	109,476	106,999	35,666
General and administrative expenses	12	1,591,231	1,404,171	1,237,728
		1,700,707	1,511,170	1,273,394

Critical accounting estimate: Determining the incremental borrowing rate

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Group uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Group and (2) security using the right-of-use asset.

Critical accounting judgment: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Note 10 - Equity

Share capital

Details of share capital as at December 31, 2021 and 2020 are as follows:

	Number of shares	Amount
Common shares at P1 par value per share		
Authorized shares	1,000,000,000	1,000,000,000
Subscribed, issued and outstanding shares	996,391,254	996,391,254

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Parent Company.

Note 11 - Income

Income for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Interest income		40,499,658	41,395,461	44,589,348
Retainer fee		8,328,143	5,755,643	4,939,143
Dividend income	5	7,651,025	6,530,384	7,780,909
Stock transfer fee		257,834	120,325	268,534
Other service fee		544,140	459,059	713,992
		57,280,800	54,260,872	58,291,926

Retainer fee pertains to monthly retainer fees earned by PSTI being a stock transfer agent.

Interest income included in revenue as shown in the consolidated statements of total comprehensive income is earned from the following:

	Notes	2021	2020	2019
Cash and cash equivalents	2	751,605	2,551,729	9,524,726
Receivables	3	14,579,006	12,317,701	11,015,574
Financial assets at FVOCI	5	25,169,047	26,526,031	24,049,048
		40,499,658	41,395,461	44,589,348

Note 12 - Costs and expenses

Costs and expenses for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Cost of services:				
Professional fee		1,844,541	1,436,236	1,583,976
Salaries and other benefits		1,225,445	1,404,344	1,335,397
Transportation and travel		255,532	244,247	263,088
Depreciation	7,9	110,943	106,999	36,106
Communication, light and water		173,652	96,845	168,279
Dues and subscription		56,692	61,416	51,967
Rent	9	-	-	164,516
		3,666,805	3,350,087	3,603,329
General and administrative expenses				
Professional fees		13,793,766	12,414,653	12,546,320
Legal fees		6,909,500	874,409	932,169
Directors' fees	15	3,144,818	3,945,241	3,550,000
Representation and entertainment		3,180,306	2,343,501	1,986,151
Transportation and travel		2,180,869	1,244,261	1,451,450
Bank charges		1,387,652	1,588,608	1,453,534
Depreciation	7,9	1,606,832	1,459,798	1,324,129
Office supplies		225,375	267,861	197,631
Security services		601,570	-	-
Advertising		528,006	159,393	37,000
Taxes and licenses		382,659	6,266,800	5,335,030
Provision for impairment of receivables	3	2,797	-	12,267
Rent	9	-	-	70,508
Others		765,374	613,748	836,382
		34,709,524	31,178,273	29,732,571
		38,376,329	34,528,360	33,335,900

Note 13 - Other income (charges)

Other income (charges) for the years ended December 31 are as follows:

	Notes	2021	2020	2019
Unrealized foreign exchange gain (loss)		3,194,665	(3,216,279)	(2,017,103)
Unrealized gain (loss) on financial assets at FVPL	4	20,124	(25,305)	(1,205)
Realized (loss) gain on sale of debt instruments measured at FVOCI	5	(349,065)	2,940,907	(2,687,077)
		2,865,724	(300,677)	(4,705,385)

Note 14 - Income taxes

On March 26, 2021, Republic Act No.11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprise Act (CREATE), was signed into law. Among the salient provisions of CREATE which are relevant to the Group include the following:

- reduction of corporate income tax (CIT) rate from 30% to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- reduction of CIT rate from 30% to 25% shall be applicable to all other corporations subject to regular CIT;
- Minimum corporate income tax (MCIT) rate shall also be amended from 2% to 1% for the period beginning July 1, 2020 until June 30, 2023.

Income tax expense

The components of income tax benefit as shown in profit or loss for the years ended December 31 are as follows:

	2021	2020	2019
Current	697,229	308,191	202,399
Deferred	825,209	242,209	(685,509)
	1,522,438	550,400	(483,110)

The reconciliation of the income tax benefit computed at statutory tax rate to provision for income tax expense (benefit) as presented in the consolidated statements of total comprehensive income for the years ended December 31 are as follows:

	2021	2020	2019
Income tax at CIT rate of 25% (2020 and 2019 - 30%)	5,432,322	5,810,054	6,040,467
Add (deduct) tax effects of:			
Interest income already subjected to final tax	(7,079,570)	(10,270,114)	(11,813,607)
Tax expense from NOLCO	5,189,542	-	-
Change in unrecognized deferred income tax assets	(1,727,627)	5,374,309	4,743,826
Dividend income subject to final tax	(1,194,070)	(1,959,116)	(2,334,273)
Non-deductible expenses	762,934	2,469,947	2,073,992
Tax expense from MCIT	113,892	-	-
Realized loss (gain) on sale of det instruments measured at FVOCI	87,266	(882,272)	806,123
Unrealized (loss) gain on financial assets at FVPL	(4,025)	7,592	362
Effects of tax rate changes	(58,226)	-	-
	1,522,438	550,400	(483,110)

Deferred income tax

The components of the Group's deferred income tax (DIT) assets (liabilities), net as at December 31 are as follows:

	2021	2020
Unrealized foreign exchange (gain) loss	(804,070)	359,753
Lease liabilities, net	11,075	1,626
Allowance for doubtful accounts	3,766	3,067
NOLCO	12,612,681	8,895,749
MCIT	223,662	145,579
	12,047,114	9,405,774
Recognized DIT asset (liabilities), net	(795,447)	-
Unrecognized DIT asset (liabilities), net	12,842,561	9,405,774

Realization of future tax benefit related to DIT assets is dependent on the Group's ability to generate future taxable income during the periods in which these are expected to be recovered. The Group has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2021 and 2020 and regularly reviews the recoverability of the DIT assets to be recognized.

Net operating loss carryover (NOLCO)

The Republic Act No. 9337 (the "Act") provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of NOLCO at December 31 are as follows:

Year incurred	Year of expiration	2021	2020
2018	2021	648,206	648,206
2019	2022	13,403,494	13,403,494
2020	2025	16,289,059	16,289,059
2021	2026	20,758,171	-
Subtotal		51,098,930	30,340,759
Applied during the year		-	(40,057)
Expired during the year		(648,206)	(648,206)
		50,450,724	29,652,496
Tax rate		25%	30%
Unrecognized DIT asset on NOLCO		12,612,681	8,895,749

MCIT

Details of unrecognized MCIT as at December 31 are as follows:

Year incurred	Year of expiration	2021	2020
2019	2022	2,344	2,344
2020	2023	107,426	143,235
2021	2024	113,892	-
		223,662	145,579

Note 15 - Related party transactions

The table below summarizes the Group's transactions and balances with its related parties.

The Group has transactions with related parties as follows:

	Terms and conditions	Transactions			Balances		
		2021	2020	2019	Due from (due to)	2021	2020
Notes receivable							
Parent company							
<i>Principal</i>	Unsecured note, due on demand and bears interest of 5% to 7% per annum. Amounts are payable in cash on a gross basis, interest bearing, unsecured, with no guarantee.	-	20,000,000	14,000,000	34,000,000	34,000,000	34,000,000
<i>Interest</i>		1,416,680	698,615	660,000	840,411	268,493	268,493
Entities under common control							
<i>Principal</i>		-	-	20,000,000	48,805,002	48,805,002	48,805,002
<i>Interest</i>		3,006,589	3,615,241	2,078,534	5,476,716	2,470,127	2,470,127
		4,423,269	24,313,856	36,738,534	83,646,134	85,543,622	85,543,622
Advances							
Parent company							
<i>Advances</i>	These are advances made by the related party for various project related expenses.	182,034,691	-	-	181,609,653	(425,038)	-
<i>Interest</i>		4,641,280	-	-	4,257,275	-	-
Entities under common control							
<i>Advances</i>	Amounts are payable in cash on a gross basis. These are unsecured, interest bearing, unsecured, with no guarantee.	-	-	(4,000,000)	9,811,793	9,811,793	9,811,793
<i>Interest</i>		445,485	445,485	445,485	817,939	372,455	372,455
		187,121,456	445,485	(3,554,515)	196,496,660	9,759,210	9,759,210
Future stock subscription							
Parent company							
	As discussed in Note 1.1, the Parent Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Parent Company.	-	-	-	18,894,000	18,894,000	18,894,000
	Consequently, the Parent Company received P18,894,000 as deposit for future stock subscription.						
	As discussed in Note 1.1, as at each report date, the resolution to increase the Parent Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as deposit for future stock subscription and is presented within non-current liabilities in the statements of financial position.						

	Terms and conditions	Transactions		Balances Due from (due to)	
		2021	2020	2021	2020
Leases					
Parent company	The Group has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease term is for two years and is renewable under mutual agreement of both parties.	1,386,559	1,203,088	1,379,055	-
	Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.				
Expense recharges					
Entities under common control	These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Group. These are billed at cost and are charged to general and administrative expenses.	277,296	178,444	-	-
	Amounts are payable in cash on a gross basis. These are unsecured, non-interest bearing and due on demand.				
Key management compensation					
Director's fees	Key management compensation of the Group consists only of directors' fees. The Group does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company.	3,144,818	3,945,241	-	-
	The Group does not have amounts receivables from/payables to key management personnel arising from the above agreement as at December 31, 2021 and 2020.				

The following related party transactions and balances were eliminated for the purpose of preparing the consolidated financial statements:

	2021	2020	2019
As at December 31			
Investment in subsidiaries	29,305,002	29,305,002	29,305,002
Due from (to) related parties	638,517	638,517	638,517
Dividends payable	600,000	-	-
For the years ended December 31			
Dividend income	1,950,000	-	-
Retainer fees	180,000	180,000	180,000

Note 16 - Earnings per share

Basic/diluted earnings per share for the years ended December 31 are as follows:

	2021	2020	2019
Profit for the year	20,206,849	18,816,447	20,618,001
Weighted average number of shares outstanding	996,391,254	996,391,254	996,391,254
	0.0203	0.0189	0.0207

Note 17 - Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Parent Company. The Parent Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Parent Company. The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Parent Company also filed cases for the recovery of advances made by former directors and officers of the Parent Company. These cases are now pending resolution with the Department of Justice (DOJ).

Note 18 - Litigation

The following cases were filed by the Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590. There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018.

On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Company against Benito Araneta and Luis Lokin Jr., former directors of the Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same. On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration.

On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits

On May 8, 2008, the Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor (Parent Company) filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on 3 December 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million.

On January 10, 2014, the Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court.

The Group is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the consolidated financial position and consolidated financial performance of the Group.

Note 19 - Critical accounting estimates, assumptions and judgments

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of the Group's consolidated assets and liabilities within the next financial year are discussed below:

(a) *Critical accounting estimates and assumptions*

- Provision of impairment of receivables and due from related parties (Notes 3 and 15)
- Fair value of financial instruments (Note 5)
- Determining the incremental borrowing rate for leases (Note 9)

(b) *Critical accounting judgments in applying the entity's accounting policies*

- Recoverability of due from related parties (Note 15)
- Recoverability of input VAT and tax credits (Notes 4)
- Recoverability of investment property (Note 6)

Note 20 - Financial risk management and capital management

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.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Group's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Group's management to make strategic and informed decisions with regard to the operations of the Group.

The most important types of risk the Group manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Group has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

Components of financial assets and liabilities

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2021	2020
Financial assets measured at amortized cost			
Cash and cash equivalents	2	115,731,576	209,405,976
Receivables	3	195,461,076	249,816,090
Due from related parties	15	193,170,071	13,335,379
Financial assets at fair value through through profit or loss (FVPL)		106,884	86,760
Financial assets at fair value through other comprehensive income (FVOCI)	5	1,026,598,356	1,018,865,149
		1,531,067,963	1,491,509,354

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Group's financial assets as at December 31 are as follows:

	Notes	2021	2020
Trade payables	8	3,221,582	2,145,630
Lease liabilities	9	2,015,800	243,197
Due to a related party	15	3,948,624	3,948,624
		9,186,006	6,337,451

Other payables consisting of customer deposits and statutory payables not arising from contractual arrangements are not considered as financial liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation.

The Group enters into contracts only with recognized, credit-worthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group obtains guarantees where appropriate to mitigate credit risk.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

As at December 31, the maximum exposure to credit risk for the Group's financial assets are as follows:

	Gross carrying amount	Net carrying amount	Internal credit rating	Basis for recognition of ECL
<i>December 31, 2021</i>				
Cash and cash equivalents	115,722,091	115,722,091	Performing	12-month ECL
Receivables				
Group 1	195,446,012	195,446,012	Performing	12-month ECL
Group 2	15,064	-	Impaired	Full provision
Due from related parties	193,170,071	193,170,071	Performing	12-month ECL
Financial assets at FVPL	106,884	106,884		
Financial assets at FVOCI	1,026,598,357	1,026,598,357	Performing	Not applicable
	1,531,058,479	1,531,043,415		
<i>December 31, 2020</i>				
Cash and cash equivalents	209,390,976	209,390,976	Performing	12-month ECL
Receivables				
Group 1	249,803,823	249,803,823	Performing	12-month ECL
Group 2	12,267	-	Impaired	Full provision
Due from related parties	13,973,896	13,973,896	Performing	12-month ECL
Financial assets at FVPL	86,760	86,760	Performing	Not applicable
Financial assets at FVOCI	1,018,865,149	1,018,865,149	Performing	Not applicable
	1,492,132,871	1,492,120,604		

Generally, receivables are written-off if collection cannot be made despite exhausting all extrajudicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Group does not hold collateral as security.

Cash and cash equivalents

The Group has policies that limit the amount of credit exposure with financial institutions. All of the Group's cash in bank is deposited with a well-capitalized financial institution and reputable universal bank with strong financial standing. While cash in bank is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

Receivables

The Group has outstanding receivables from corporate notes and its related interest. The Group does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Credit quality of customers are classified as follows:

Group 1 - Customer and counterparty balances without history of default and assessed to be fully recoverable.

Group 2 - Individually assessed customer with defaults and which the Group no longer expects to recover the balance despite its collection efforts.

Due from related parties

Due from related parties arising from advances are collectible after 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control or parent Group with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Group has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during 2021 and 2020.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash to meet the Group's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Group aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Group may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

The table below summarizes the undiscounted profile of the Group's financial liabilities as at December 31, based on contractual payments:

	Less than 12 months	Between 1 year to 5 years	Total
At December 31, 2021			
Trade and other payables	3,221,582	-	3,221,582
Lease liabilities, gross	1,781,396	259,114	2,040,510
Advances from related parties	3,948,624	-	3,948,624
	8,951,602	259,114	2,360,054

	Less than 12 months	Between 1 year to 5 years	Total
At December 31, 2020			
Trade and other payables	2,145,630	-	2,145,630
Lease liabilities, gross	246,775	-	246,775
Advances from related parties	3,948,624	-	3,948,624
	6,341,029	-	6,341,029

Market risk

Price risk

The Group is exposed to equity securities price risk because of the Group's investments in financial assets at FVPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Group measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income in 2021, 2020 and 2019.

	Increase (decrease) in PSEi	Increase (decrease) in other comprehensive income
2021	1% (16%)	3,857,296 42,122,764
2020	10% (35%)	23,489,183 (84,317,292)
2019	8% (4%)	16,649,174 (9,628,656)

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at December 31, 2021, 2020 and 2019.

The reasonable possible changes in the market price of investments were determined based on Group's analysis of the movement in share prices for the next 30 days from the close of the financial year.

Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency.

The Group's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US\$89,259 as at December 31, 2021 (2020 - US\$16 million). The Group's exposure to foreign currency risk is insignificant.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at December 31, 2021, 2020 and 2019, the Group has repricable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Group is subject to fair value interest rate risk.

The Group measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Group's other comprehensive income in 2021, 2020 and 2019.

	Increase (decrease) in PHP BVALI	Increase (decrease) in other comprehensive income
2021	6% (40%)	38,673,770 258,702,901
2020	98% (7%)	658,959,070 (47,870,809)
2019	73% (1%)	489,414,071 (5,436,104)

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party.

The capital that the Group manages is the total equity as shown in the statements of financial position.

The Group is not subject to any externally imposed capital requirements.

Fair value estimation

As at December 31, 2021 and 2020, the carrying amounts of cash and cash equivalents, receivables, due from related parties and due to related parties reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 21.2. There were no transfers between Levels 1, 2 and 3 during the year.

Note 21 - 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 the years presented, unless otherwise stated.

21.1 Basis of preparation

These consolidated financial statements of the Group 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.

These consolidated financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through profit or loss (FVPL) and financial assets through other comprehensive income (FVOCI).

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are summarized in Note 18.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following amendment for the first time for the financial year beginning January 1, 2021:

- Amendment to PFRS 16, Leases, COVID-19-related rent concession

Amendment to PFRS 16 amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments are effective for annual periods beginning on or after April 1, 2021.

The amendment has no significant impact to the Group's consolidated financial statements.

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

- PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- Amendments to PAS 8, Definition of Accounting Estimates

Amendments to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments are effective for annual periods beginning on or after January 1, 2023.

- Amendments to PAS 1, Disclosure of Accounting Policies

Amendments to require disclose its material accounting policy information instead of its significant accounting policies and explanations on how an entity can identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023.

- PFRS 9 Financial Instruments - Fees in "10 per cent" Test for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Reference to the Conceptual Framework

Amendments to PFRS 3 are intended to replace a reference to a previous version of the 1989 Conceptual Framework with a reference to the current version of the Conceptual Framework issued in March 2018 without significantly changing its requirements. The guidance is effective as of January 1, 2022, with early adoption permitted.

- Onerous Contracts - cost of fulfilling a contract Standard/Description

This guidance specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. It clarifies that the 'cost of fulfilling' a contract comprises the costs that relate directly to the contract, which can either be incremental costs to fulfil or an allocation of other costs related directly to fulfilment. The guidance is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted.

- Disclosure of Accounting Policies (Amendments to PFRS 1 and PFRS Practice Statement 2)

The FRSC amended IFRS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the FRSC also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Definition of Accounting Estimates (Amendments to PAS 8)

The amendment to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Group does not expect these amendments to have a significant impact to the Group's consolidated financial statements.

There are no other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2021 that are relevant to and have a material impact on the Group's consolidated financial statements.

21.2 Financial assets

Classification

The Group classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group only holds financial assets under category (a) during and at the end of each reporting period.

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group's financial assets at amortized cost comprise of cash and cash equivalents, receivables, and due from related parties.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated by management on initial recognition as at FVPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

Financial assets at FVOCI

Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity and debt securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Group considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at each reporting period, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI.

Recognition and measurement

The Group recognizes a financial asset in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Derecognition

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets)

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

- the Group has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Group is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Group has an obligation to remit those cash flows without material delay.

Once the Group has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Group has neither retained nor transferred substantially all of the risks and rewards of the asset, then the entity must assess whether it has relinquished control of the asset or not. If the Group does not control the asset then derecognition is appropriate; however, if the entity has retained control of the asset, then the entity continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

(i) *Simplified approach*

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

(ii) *General approach*

The Group applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

Financial assets at FVOCI

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

21.3 Consolidation

The consolidated financial statements comprise the consolidated financial statements of the Group as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021. For consolidation purposes, the subsidiaries' financial statements are prepared as at the same reporting year as that of the Parent Company. The Group uses uniform accounting policies. Details of principal subsidiaries are shown in Note 1.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities over which the Parent Company has control. The Parent Company controls an entity when it 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 Parent Company. They are deconsolidated from the date that control ceases.

The Parent Company applies the acquisition method to account for business combinations for acquired entities that are not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Parent Company. 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 Parent Company 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 Parent Company 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 deemed to be an equity instrument is not re-measured, and its subsequent settlement is not accounted for within equity.

Inter-Group transactions, balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-Group transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Parent Company.

Business combinations under common control are accounted for using the predecessor cost method. Under this method, the Group does not restate the acquired businesses or assets and liabilities to their fair values. The net assets of the combining entities or businesses are combined using the carrying amounts of assets and liabilities of the acquired entity. No amount is recognized in consideration for goodwill or the excess of acquirer's interest in the net fair value of acquired identifiable assets, liabilities, and contingent liabilities over their cost at the time of the common control combination. The financial statements incorporated the net assets and results of operations of the combining entities or businesses as if they had always been combined or from the date when combining entities or business first became under common control, whichever period is shorter.

The difference between the consideration given and the aggregate book value of the assets and liabilities acquired as of the date of the transaction are included in "other equity charges" account within equity.

Disposal of subsidiaries

When the Parent Company 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 Parent Company 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.

The Parent Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Parent Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Parent Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Dilution gains and losses arising in investments in associates are recognized in profit or loss. Unrealized gains on transactions between the Parent Company and its associates are eliminated to the extent of the Parent Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Parent Company.

(c) Deposit for future stock subscription

Deposit for future stock subscription represents fund paid by the Parent Company with the intention to apply the same as payment for additional issuance of common share to increase its interest in the investee company.

21.4 Financial liabilities

Classification and presentation

The Group classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Group did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Group's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and statutory payables) and lease liabilities.

Initial recognition and subsequent measurement

The Group's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

21.5 Determination of fair value

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.

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

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

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).

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

The 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 are as follows:

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

Specific valuation techniques used to value financial instruments include:

- i. Quoted market prices or dealer quotes for similar instruments.
- ii. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- iii. 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.
- iv. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group determines the policies and procedures for recurring fair value measurement, such as investment properties. External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Group analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with its external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Group have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

21.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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 Group or the counterparty. The Group has no offsetting arrangements as at December 31, 2021 and 2020.

21.7 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. These are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method. Cash in banks and temporary cash investments earn interest at the respective bank deposit rates.

21.8 Other assets

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

Other current assets mainly pertain to input value-added tax (VAT). Input VAT represent taxes imposed on the Group for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than 12 months after the reporting date, in which these are classified as non-current assets.

21.9 Investment property

Investment property is defined as a property, such as land or building, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

Depreciation of an investment property (other than land) is computed using the straight-line method over the estimated useful life of the asset. Land is not depreciated.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

21.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When property and equipment are sold or retired, their costs and accumulated depreciation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss of such period.

The estimated useful lives of property and equipment are as follows:

	Number of Years
Office equipment and office improvement	3
Transportation equipment	3-5
Furniture and fixtures	3

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

21.11 Impairment of non-financial assets

Non-financial assets, mainly property and equipment, investment property, and right-of-use assets 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 cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

21.12 Deposit for future stock subscription

Deposit for future stock subscription represents advance collection for stocks subscriptions. Deposit for future stock subscription is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

21.13 Trade and other payables

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using effective interest method. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are derecognized when the obligation under the liability is discharged, cancelled or has expired.

21.14 Equity

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Retained earnings

Retained earnings pertains to the accumulated profit from operations of the Group which are available for dividend declaration.

Earnings per share

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Other equity reserves

Other equity reserves pertains to accumulated fair value changes in financial assets through other comprehensive income, net of any realized gains from sale of disposals of debt instruments.

21.15 Income

Dividend income

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

Interest income

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

Retainer income

Retainer pertains to monthly retainer fees earned by PSTI being a stock transfer agent, and is recognized overtime.

Rent income

Rent income is recognized on a straight-line basis over the lease term since performance obligation is satisfied over time during the period when the Group gives the lessee the right to use the leased property.

Other income

All other income is recognized when earned or when the right to receive payment is established.

21.16 Cost and expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. These are presented in the statement of total comprehensive income according to function of such costs and expenses.

21.17 Leases

The Group assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a lessee

At the commencement date, the Group recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU asset

At commencement date of the lease contract, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

Lease liability

At the commencement date, the Group measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

21.18 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises 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 entities which are under control with the reporting enterprise and its 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.

21.19 Income taxes

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

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

DIT is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, DIT 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. DIT 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 DIT asset is realized or the DIT liability is settled.

DIT 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. DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

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

Deferred income tax assets and liabilities are derecognized when the related temporary differences are realized/settled. No deferred income tax assets were recognized for temporary differences as management believes that it will not generate sufficient taxable profit to allow for the benefits of the deferred income tax assets to be utilized in the future. Management reassess at each reporting period unrecognized deferred tax assets.

21.20 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized from the statements of financial position.

21.21 Contingencies

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

21.22 Foreign currency transactions and translation

Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the “functional currency”). These consolidated financial statements are prepared in Philippine Peso, which is the Parent Company’s functional and presentation currency.

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 remeasured. 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.

21.23 Reclassification

The Group presents a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative consolidated financial statements if: (a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its consolidated financial statements or reclassifies items in its consolidated financial statements; and (b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

In the consolidated statement of financial position as at December 31, 2020, reclassified amounts of unutilized input VAT and CWTs from current to non-current amounting to P4,645,306. Impact of such reclassification is considered not material to the consolidated statement of financial position hence a third balance sheet is not presented. Also, such reclassification did not impact the consolidated statement of total comprehensive income and consolidated statement of cash flows for the years ended December 31, 2020 and 2019.

21.24 Subsequent events

Post year-end events that provide additional information about the Group’s position at the financial 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 consolidated financial statements when material.

Note 22 - Operating segment information

The Group is organized into operating segments based on the type of product or service. The Group's reportable operating segments relates to investing of funds in various financial assets, service agreements with the government and stock transfer agency.

The disaggregated revenue, as disclosed in Note 11, was assigned to the operating segments as follows:

Revenue as disaggregated	Operating segment
Interest income	Investing funds
Dividend income	Investing funds
Rent income	Investing funds
Service fees	Service agreement with the government/Management services
Retainer fee	Stock transfer agency
Stock transfer fee	Stock transfer agency
Other service fee	Stock transfer agency
Gain on sale of financial assets at FVOCI	Investing funds
Gain on sale of investment property	Investing funds

All of the assets relating to the Group's operating segments are located in the Philippines. Accordingly, reporting operating segments per geographical business operation is not required.

Segment assets, liabilities and revenue and expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and expenses are consistent with that presented in the consolidated statements of comprehensive income.

Significant information of the Group's reportable segments is as follows:

	Segment			Total
	Investing funds	Management services	Stock transfer agency	
2021				
Segment revenue	48,204,107	-	9,076,693	57,280,800
Segment profit	18,023,019	-	2,183,830	20,206,849
Depreciation	1,347,966	-	369,809	1,717,775
Provision for income tax	880,598	145,535	496,305	1,522,438
Total assets	1,504,231,726	32,781,914	5,179,755	1,542,193,395
Total liabilities	25,049,655	4,588,122	982,929	30,620,706
	Segment			
2020	Investing funds	Management services	Stock transfer agency	Total
Segment revenue	47,925,845	-	6,335,027	54,260,872
Segment profit	18,310,114	-	506,333	18,816,447
Depreciation	1,210,133	-	356,664	1,566,797
Provision for income tax	127,839	206,479	216,082	550,400
Total assets	1,465,829,012	30,918,852	3,682,640	1,500,430,504
Total liabilities	22,486,243	4,261,183	484,888	27,232,314

2019	Segment			Total
	Investing funds	Management services	Stock transfer agency	
Segment revenue	52,370,257	-	5,921,669	58,291,926
Segment profit	18,301,068	-	2,316,933	20,618,001
Depreciation	1,239,882	-	120,353	1,360,235
(Benefit from) provision for income tax	(598,520)	(34,250)	149,660	(483,110)
Total assets	1,445,354,720	30,156,591	3,620,609	1,479,131,920
Total liabilities	21,364,100	4601,866	763,946	26,729,912

Capital expenditures for the year ended December 31, 2021 attributable to the investing funds segment amounted to P63,562 (2020 - nil; 2019 - nil).

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule A. Financial assets
December 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end of reporting period	Income received and accrued
<i>Notes and loans receivable</i>				
<i>Promissory notes issued by various financial institutions</i>				
Philippine Commercial Capital, Inc.	25,000,000	25,000,000	25,000,000	
Toyota Financial Services Philippines Corporation	12,000,000	12,000,000	12,000,000	
Metrobank Card Corporation	5,000,000	5,000,000	5,000,000	
San Miguel Corporation	20,000,000	20,000,000	20,000,000	
Sterling Bank of Asia	2,000,000	2,000,000	2,000,000	
Sta. Lucia Land Inc.	3,000,000	3,000,000	3,000,000	
Retail Treasury Bonds	1,000,000	1,000,000	1,000,000	
<i>Corporate notes</i>				
Montemar Beach Club Inc.	48,805,002	48,805,002	48,805,002	
HMR Philippines, Inc.	25,627,108	25,627,108	25,627,108	
Philippine Communications Satellite Corporation	34,000,000	34,000,000	34,000,000	
Elite Defense Security Services, Inc.	1,600,000	1,600,000	1,600,000	
		178,032,110	178,032,110	14,579,006
<i>Financial assets at FVPL</i>				
Bank of the Philippine Islands	1,205 shares	106,884	106,884	
		106,884	106,884	2,169
<i>Financial assets at FVOCI</i>				
<i>Investments in quoted bonds</i>				
BDO - Trust & Investments Group Managed Bonds	150,688,117	152,052,664	152,052,664	
BDO Private Bank Managed Bonds	87,880,617	87,607,558	87,607,558	
Retail Treasury Bonds	33,700,000	34,402,154	34,402,154	
Ayala Land, Inc.	55,734,298	56,691,875	56,691,875	

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end of reporting period	Income received and accrued
SM Prime Holdings, Inc.	47,684,959	47,610,634	47,610,634	
Aboitiz Power Corporation	24,680,000	25,629,154	25,629,154	
Ayala Corporation	27,515,919	27,262,024	27,262,024	
Torre Lorenzo Development Corp.	60,000,000	60,000,000	60,000,000	
STI Education Systems Holdings, Inc.	20,000,000	18,672,559	18,672,559	
Doubledragon Properties Corp.	20,000,000	16,372,140	16,372,140	
EW Peso Intermediate Term Bond Fund	7,258.553526 units	15,233,292	15,233,292	
Development Bank of the Philippines	15,000,000	15,074,107	15,074,107	
Metropolitan Bank & Trust Company	13,819,224	14,129,039	14,129,039	
Philam Bond Fund	2,307,782 units	10,143,163	10,143,163	
Bank of the Philippine Islands	5,000,000	5,036,114	5,036,114	
Smart Communications, Inc.	10,000,000	10,000,000	10,000,000	
Aboitiz Equity Ventures, Inc.	7,000,000	7,022,646	7,022,646	
SM Investments Corporation	2,000,000	2,029,627	2,029,627	
SMC Global Power Holdings	5,000,000	5,000,000	5,000,000	
Robinsons Land Corp.	6,500,000	6,640,463	6,640,463	
San Miguel Corporation	2,000,000	2,032,059	2,032,059	
Megaworld Corporation	5,000,000	4,966,318	4,966,318	
Security Bank Corporation	5,000,000	5,029,265	5,029,265	
East West Banking Corporation	5,000,000	5,000,000	5,000,000	
Filinvest Land Inc.	2,000,000	2,007,360	2,007,360	
South Luzon Tollways Corporation	1,200,000	1,196,613	1,196,613	
Cyberzone Properties, Inc.	1,000,000	1,008,069	1,008,069	
Security Bank Corporation	700,000	700,000	700,000	
Chinabank Bonds	5,000,000	5,004,165	5,004,165	
Energy Development Corporation	1,000,000	913,155	913,155	
Phinma Corporation	3,000,000	3,000,000	3,000,000	
<i>Investments in quoted shares of stock</i>				
BDO Private Bank Managed Equity	377,705 shares	43,934,735	43,934,735	
BDO - Trust & Investments Group Managed Equity	974,482 shares	40,552,869	40,552,869	

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end of reporting period	Income received and accrued
Sun Life Prosperity Philippine Equity Fund	3,878,305 shares	14,304,352	14,304,352	
San Miguel Corporation	130,000 shares	9,909,250	9,909,250	
D.M. Wenceslao and Associates, Inc.	1,500,000 shares	10,170,000	10,170,000	
Eagle Cement Corporation	783,400 shares	11,437,640	11,437,640	
Wilcon Depot, Inc.	605,000 shares	18,452,500	18,452,500	
MerryMart Consumer Corp.	1,400,000 shares	2,492,000	2,492,000	
Converge ICT Solutions, Inc.	500,000 shares	15,250,000	15,250,000	
Petron Corporation	6,000 shares	6,048,000	6,048,000	
GT Capital Holdings	6,000 shares	6,060,000	6,060,000	
A Brown Company	10,000 shares	1,037,000	1,037,000	
AC Energy Corporation	150,000 shares	1,425,000	1,425,000	
EEl Corporation	50,000 shares	5,360,000	5,360,000	
Filinvest REIT Corp.	1,000,000 shares	7,520,000	7,520,000	
Jollibee Foods Corp.	1,000 shares	1,006,000	1,006,000	
Monde Nissin Corporation	1,688,000 shares	1,656,000	1,656,000	
RL Commercial REIT, Inc.	780,000 shares	6,286,800	6,286,800	
Synergy Grid & Dev't Phils., Inc.	1,022,400 shares	1,022,400	1,022,400	
MerryMart Consumer Corp.	50,000 shares	125,500	125,500	
DDMP Reit, Inc.	500,000 shares	895,000	895,000	
MREIT, Inc.	186,000 shares	4,092,000	4,092,000	
Areit, Inc.	185,300 shares	9,005,580	9,005,580	
Cirtek Holdings Phils. Corp.	150,000 shares	7,616,100	7,616,100	
Del Monte Pacific Limited	10,000 shares	4,772,756	4,772,756	
Ayala Land, Inc.	100,000 shares	3,670,000	3,670,000	
GT Capital Holdings, Inc.	4,000 shares	3,980,000	3,980,000	
SM Prime Holdings, Inc.	3,390,000 shares	3,390,000	3,390,000	
Doubledragon Properties Corp.	31,000 shares	3,121,700	3,121,700	
Pilipinas Shell Petroleum Corp.	150,000 shares	2,982,000	2,982,000	
Megawide Construction Corporation	1,025,000 shares	3,381,000	3,381,000	
Phoenix Petroleum Phils.	2,000 shares	1,994,000	1,994,000	
Ayala Corporation	3,760 shares	1,898,800	1,898,800	
BDO Unibank, Inc.	16,869 shares	2,036,088	2,036,088	

Name of issuing entity and association of each issue	Number of shares or principal amounts of bonds and notes	Amount shown in statement of financial position	Value based on market quotations at end of reporting period	Income received and accrued
First Gen. Corporation	10,460 shares	1,098,300	1,098,300	
San Miguel food and Beverage, Inc.	11,500 shares	821,100	821,100	
Cebu Landmasters, Inc.	334,500 shares	1,003,500	1,003,500	
Axelum Resources Corp.	200,000 shares	600,000	600,000	
Chelsea Logistics Holdings Corp.	100,000 shares	166,000	166,000	
Intl. Cont. Terminal Serv. Inc.	4,170 shares	834,000	834,000	
DMCI Holdings, Inc.	75,000 shares	578,250	578,250	
JG Summit Holdings, Inc.	5,250 shares	278,250	278,250	
8990 Holdings, Inc.	2,000 shares	202,000	202,000	
Robinsons Land Corp.	6,343 shares	121,786	121,786	
<i>Investments in UITFs</i>				
Sun Life Prosperity Balanced Fund	11,771,306 shares	42,270,760	42,270,760	
Philam Strategic Growth Fund	66,408 shares	32,488,786	32,488,786	
Sun Life Prosperity GS Fund	6,038,647 shares	10,427,536	10,427,536	
BDO Private Bank Managed Funds	45,933 shares	11,725,987	11,725,987	
Sun Life Prosperity Dynamic Fund	5,346,450 shares	5,023,528	5,023,528	
Capital Accumulation Global Fund of Funds	500 shares	2,953,240	2,953,240	
BDO - Trust & Investments Group Managed Funds	42,570 shares	5,264,041	5,264,041	
SB Asia Pacific EQ Feeder Fund Class F	USD 15,000	990,005	990,005	
<i>Investments in club memberships</i>				
Montemar Beach Club Inc.	10 shares	4,600,000	4,600,000	
Makati Sports Club, Inc.	1 share	800,000	800,000	
		1,026,598,356	1,026,598,356	25,169,047

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule B. Amounts receivable from directors, officers, employees, related parties, and principal stockholders (other than related parties)
December 31, 2021

Name and designation of debtor <i>Included under receivables</i>	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non-current	Balance at end of period
Montemar Beach Club Inc. Philippine Communications Satellite Corporation	48,805,002	-	-	-	48,805,002	-	48,805,002
<i>Presented under "Due from related parties"</i>	34,000,000	-	-	-	34,000,000	-	34,000,000
Montemar Beach Club Inc. Philippine Communications Satellite Corporation Montemar Resort Development Corp.	9,505,543 (425,038) 306,250	-	-	-	9,505,543 181,609,653 306,250	-	9,505,543 181,609,653 306,250
	96,191,757	182,034,691	-	-	274,226,448	-	274,226,448

"Notes receivables from" and "cash advances to" Montemar beach Club Inc. and Philippine Communications Satellite Corporation bear interest of 4% to 7% with terms of 180 days to one year. Cash advances to Montemar Resort Development Corp. are non-interest bearing.

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements
December 31, 2021

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period
Philcomsat Management Enterprises, Inc.	638,517	-	-	-	638,517	-	638,517

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule D. Long term debt
December 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related statement of financial position	Amount shown in caption "long-term debt" in statement of financial position
Lease liabilities	Not applicable	1,758,591	257,209

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule E. Indebtedness to related parties (long-term loans from related companies)
December 31, 2021

Name of related party	Balance at beginning of period	Balance at end of period
Not applicable		

Philcomsat Holdings Corporation and Subsidiaries
 (A subsidiary of Philippine Communications Satellite Corporation)

Schedule F. Guarantees of securities and other issues
 December 31, 2021

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
		Not applicable		

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Schedule G. Capital stock
December 31, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related statement of financial position.	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	1,000,000,000	996,391,254	-	796,595,690	100,106,143	99,689,421

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Ave., Makati City

Reconciliation of the Parent Company's Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2021
(All amounts in Philippine Peso)

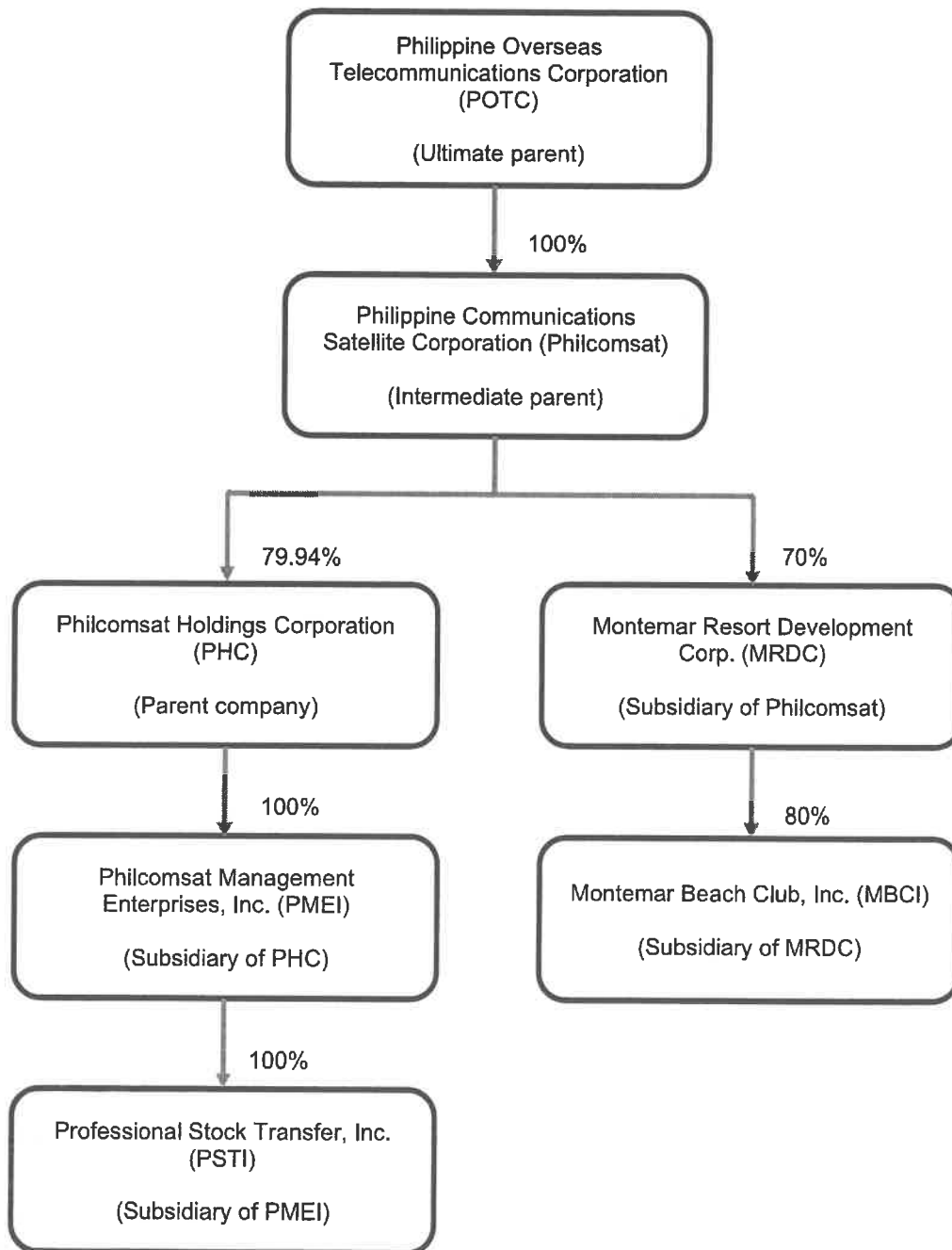
Unappropriated retained earnings, available for dividend distribution, beginning of the year	473,311,174
Add: Net income actually earned/realized during the year	
Income based on the face of the audited separate financial statements	17,476,896
Less: Non-actual/unrealized income net of tax	
• Equity in net income of associate/joint venture	-
• Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents	(3,194,665)
• Unrealized actuarial gain	-
• Fair value adjustment (mark-to-market gains)	-
• Fair value adjustment of Investment Property resulting to gain	-
• Adjustment due to deviation from PFRS/GAAP- gain	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Non-actual losses	
• Depreciation on revaluation increment (after tax)	-
• Adjustment due to deviation from PFRS/GAAP - loss	-
• Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year	14,282,231
Add (Less):	
• Dividends declarations during the year	-
• Appropriation of retained earnings during the period	-
• Reversals of appropriations	-
• Effects of period adjustments	-
• Treasury shares	-
Unappropriated retained earnings, available for dividend distribution, ending	487,593,405

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Ave., Makati City

Ratio	Formula	2021	2020
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	46.52:1 P496,575,058 P10,674,050	55.77: 1 P465,055,558 P8,338,314
Acid test ratio	$\frac{\text{Current assets - inventory - prepayments}}{\text{Current liabilities}}$	46.51:1 P496,454,543 P10,674,050	55.72: 1 P464,631,938 P8,338,314
Solvency ratio	$\frac{\text{Net income before depreciation and amortization}}{\text{Total liabilities}}$	0.72:1 P21,920,396 P30,620,706	0.75: 1 P20,348,487 P27,232,314
Debt-to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.02: 1 P30,620,706 P1,511,572,689	0.02: 1 P27,232,314 P1,473,198,190
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.02:1 P1,542,193,395 P1,511,572,689	1.02:1 P1,500,430,504 P1,473,198,190
Interest rate coverage ratio	$\frac{\text{Operating EBITDA}}{\text{Net interest}}$	Not applicable	Not applicable
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	1% P20,206,849 P1,492,385,440	1% P18,816,447 P1,462,800,099
Return on asset	$\frac{\text{Net income}}{\text{Average total assets}}$	4 % P20,206,849 P480,815,308	2% P18,816,447 P972,093,739
Net profit margin	$\frac{\text{Net income}}{\text{Total revenue}}$	35% P20,206,849 P57,280,800	35% P18,816,447 P54,260,872

Philcomsat Holdings Corporation and Subsidiaries
(A subsidiary of Philippine Communications Satellite Corporation)

Map showing the relationships between and among the companies in the group,
its ultimate parent company and co-subsidiaries
December 31, 2021





PHILCOMSAT HOLDINGS CORPORATION

12F Telecom Plaza 316 Sen. Gil Puyat Ave. 1200 City of Makati, Philippines
Tel.No.: 8815-8406; Fax No.: 8816-2517 www.phc.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

In preparing the financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Parent 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 or members.

Isla Lipana & Co., the independent auditor, 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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

SANTIAGO J. RANADA
Chairman of the Board

KATRINA C. PONCE-ENRILE
President

ERLINDA I. BILDNER
Treasurer

April 16, 2022



1 APR 18 2022

18 APR 2022
SUBSCRIBED AND SWORN to before me this _____ day of _____, 2022 in
MAKATI CITY, affiants exhibiting to me the following :

<u>Name</u>	<u>Government ID No.</u>	<u>Place/Date of Issue</u>
Santiago J. Ranada	PP No. P0274808B	DFA NCR East / 17 January 2019
Katrina C. Ponce Enrile	PP No. P5615337A	DFA Manila / 15 January 2018
Erlinda I. Bildner	Senior Citizen ID No.49633	Makati City / 20 September 2019

Doc. No. 93
Page No. 20
Book No. 05
Series of 2022

ATTY. ROBERT N. LLUZ
NOTARY PUBLIC
Until December 31, 2023
Appt No M-048, Makati City
IBF #152106 for 2022 - RSM
S C Roll No 59597
PTR #8848837, Jan 03, 2022-Makati
MCLE Compliance No VII-0003434
Issued on 06-24-2021, Valid until 03-14-2025
Unit 301 3rd Flr. Campos Rueda Bldg
101 Urban Ave., Brgy. Pio del Pilar, Makati City



Independent Auditor's Report

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Ave., Makati City

Report on the Audit of the Separate Financial Statements

Our Opinion

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Philcomsat Holdings Corporation (the "Company") as at December 31, 2021, and its financial performance and its cash flows for the year then ended, in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The financial statements of the Company comprise:

- the separate statement of financial position as at December 31, 2021;
- the separate statement of total comprehensive income for the year ended December 31, 2021;
- the separate statement of changes in equity for the year ended December 31, 2021;
- the separate statement of cash flows for the year ended December 31, 2021; and
- the notes to the separate financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate 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 Company 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 audits of the 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
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Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 2

Other Matter

The separate financial statements of the Company as at and for the year ended December 31, 2020 were audited by another auditor whose report, dated April 12, 2021, expressed an unqualified opinion on these statements.

Responsibilities of Management and those Charged with Governance for the Separate Financial Statements

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

In preparing the separate 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.

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 Company's internal control.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 3

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
Page 4

Report on the Bureau of Internal Revenue Requirement

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information in Note 21 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 229-481-265

BIR A.N. 08-000745-141-2020, issued on November 4, 2020; effective until November 3, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 18, 2022



Isla Lipana & Co.

Statement required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Ave., Makati City

We have audited the separate financial statements of Philcomsat Holdings Corporation (the "Company") as at and for the year ended December 31, 2021, on which we have rendered the attached report dated April 18, 2022.

In compliance with SRC Rule 68 and based on the certification received from the Company's corporate secretary and the results of our work done, the Company has 1,152 shareholders owning one hundred (100) or more shares each as at December 31, 2021.

Isla Lipana & Co.

Carlos Federico C. de Guzman
Partner

CPA Cert. No. 110973

P.T.R. No. 0011285, issued on January 6, 2022, Makati City

SEC A.N. (individual) as general auditors 110973-SEC, Category A;
valid to audit 2021 to 2025 financial statements

SEC A.N. (firm) as general auditors 0142-SEC, Category A;
valid to audit 2020 to 2024 financial statements

TIN 229-481-265

BIR A.N. 08-000745-141-2020, issued on November 4, 2020; effective until November 3, 2023

BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City
April 18, 2022

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

Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)

Separate Statement of Financial Position
As at December 31, 2021
(With comparative figures as at December 31, 2020)
(All amounts in Philippine Peso)

	Notes	2021	2020
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2	111,242,858	198,697,217
Receivables - current	3	169,939,623	225,200,278
Due from related parties	14	185,308,588	13,973,896
Other current assets		87,250	176,117
Total current assets		466,578,319	438,047,508
Non-current assets			
Financial assets at fair value through other comprehensive income (FVOCI)	5	1,026,598,357	1,018,865,149
Investment in a subsidiary	6	25,000,000	25,000,000
Receivables - non-current	3	8,000,000	8,000,000
Right-of-use (ROU) asset, net	9	1,335,788	-
Property and equipment, net	7	2,030	14,208
Other non-current assets	4	2,358,968	1,540,664
Total non-current assets		1,063,295,143	1,053,420,021
Total assets		1,529,873,462	1,491,467,529
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade and other payables	8	4,619,670	4,036,004
Lease liability	9	1,379,055	-
Total current liabilities		5,998,725	4,036,004
Non-current liabilities			
Deferred income tax liability	13	798,666	-
Deposit for future stock subscription	14	18,894,000	18,894,000
Total non-current liabilities		19,692,666	18,894,000
Total liabilities		25,691,391	22,930,004
Equity			
Share capital	10	996,391,254	996,391,254
Retained earnings		484,968,788	473,311,174
Other equity reserves	5	22,822,029	(1,164,903)
Total equity		1,504,182,071	1,468,537,525
Total liabilities and equity		1,529,873,462	1,491,467,529

The notes on pages 1 to 38 are integral part of these financial statements.

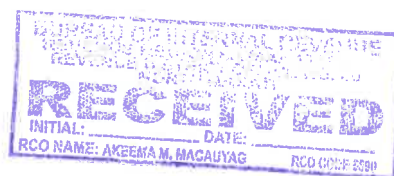
APR 18 2022

Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)

Separate Statement of Total Comprehensive Income
For the year ended December 31, 2021
(With comparative figures for the year ended December 31, 2020)
(All amounts in Philippine Peso, except earnings per share)

	Notes	2021	2020
Income	11	47,431,149	46,892,734
Operating expenses	12	(31,885,371)	(28,876,431)
Other income, net			
Realized gain (loss) on sale of debt instruments measured at FVOCI	5	(349,065)	2,940,907
Unrealized foreign exchange gain (loss), net	5	3,194,665	(3,216,279)
Finance costs	9	(33,884)	(45,922)
Profit before income tax		18,357,494	17,695,009
Income tax expense	13	(880,598)	(127,839)
Profit for the year		17,476,896	17,567,170
Other comprehensive income for the year			
<i>Item that may be subsequently reclassified to profit or loss</i>			
Fair value gain (loss) on debt instruments at FVOCI	5	(6,692,967)	11,348,642
<i>Item that will not be subsequently reclassified to profit or loss</i>			
Fair value (loss) gain on equity instruments at FVOCI, net of tax	5	24,511,552	(6,428,000)
Total comprehensive income for the year		35,295,481	22,487,812
Earnings per share (basic and diluted)	15	0.0175	0.0176

The notes on pages 1 to 38 are integral part of these financial statements.



1 APR 18 2022

Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)

Separate Statement of Changes in Equity
For the year ended December 31, 2021
(With comparative figures for the year ended December 31, 2020)
(All amounts in Philippine Peso)

	Share capital (Notes 10)	Retained earnings	Other equity reserves (Notes 5)	Total equity
Balances at January 1, 2020	996,391,254	454,219,712	(1,620,346)	1,448,990,620
Comprehensive income for the year				
Profit for the year	-	17,567,170	-	17,567,170
Other comprehensive income for the year	-	-	4,920,642	4,920,642
Total comprehensive income for the year	-	17,567,170	4,920,642	22,487,812
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income (FVOCI)	-	1,524,292	(1,524,292)	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	(2,940,907)	(2,940,907)
Balances at December 31, 2020	996,391,254	473,311,174	(1,164,903)	1,468,537,525
Comprehensive income for the year				
Profit for the year	-	17,476,896	-	17,476,896
Other comprehensive income for the year	-	-	17,818,585	17,818,585
Total comprehensive income for the year	-	17,476,896	17,818,585	35,295,481
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income (FVOCI)	-	(5,819,282)	5,819,282	-
Reclassification of cumulative fair value changes of debt instruments measured at FVOCI sold to profit or loss	-	-	349,065	349,065
Balances at December 31, 2021	996,391,254	484,968,788	22,822,029	1,504,182,071

The notes on pages 1 to 38 are integral part of these financial statements.

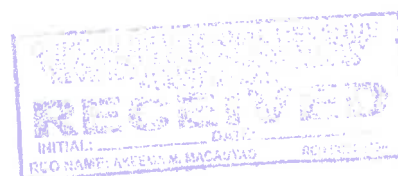
APR 18 2022

Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)

Separate Statement of Cash Flows
For the year ended December 31, 2021
(With comparative figures for the year ended December 31, 2020)
(All amounts in Philippine Peso)

	Notes	2021	2020
Cash flows from operating activities			
Profit before income tax		18,357,494	17,695,009
Adjustments for:			
Amortization of ROU asset	9	1,335,788	1,154,506
Depreciation expense	7	12,178	55,627
Interest expense	9	33,884	45,922
Unrealized foreign exchange (gain) loss	5	(3,194,665)	3,216,279
Realized loss (gain) on sale of debt instruments measured at FVOCI	5	349,065	(2,940,907)
Operating profit before changes in assets and liabilities		16,893,744	19,226,436
Decrease (increase) in:			
Receivables	3	56,770,653	(475,030)
Due from related parties	13	(171,334,692)	(79,580)
Other current assets	4	88,867	(252,456)
Other non-current assets		(602,091)	-
Increase in:			
Trade and other payables	8	583,666	2,144,708
Cash (used in) generated from operations		(97,599,853)	20,564,078
Acquisitions of:			
Financial assets at FVOCI	5	(281,309,746)	(420,412,719)
Proceeds from redemption and maturity of:			
Financial assets at FVOCI	5	289,885,124	399,737,129
Income taxes paid		(298,146)	(248,241)
Net cash used in operating activities		(89,322,621)	(359,753)
Cash flows from financing activities			
Payments of:			
Lease liability	9	(1,292,521)	(1,217,321)
Interest expense on lease liability	9	(33,884)	(45,922)
Net cash used in financing activities		(1,326,405)	(1,263,243)
Net decrease in cash		(90,649,026)	(1,622,996)
Cash and cash equivalents at beginning of year		198,697,217	203,536,493
Effects of foreign exchange rate changes		3,194,667	(3,216,280)
Cash and cash equivalents at end of year	2	111,242,858	198,697,217

The notes on pages 1 to 38 are integral part of these financial statements.



APR 18 2022

Philcomsat Holdings Corporation

(A subsidiary of Philippine Communications Satellite Corporation)

Notes to the Financial Statements

As at and for the year ended December 31, 2021

(With comparative figures as at and for the year ended December 31, 2020)

(All amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - General information

1.1 Corporate information

Philcomsat Holdings Corporation (formerly Liberty Mines, Inc.) [the Company] was incorporated and registered with the Securities and Exchange Commission (SEC) on May 10, 1956 with the primary purpose of embarking in the discovery, exploration, development and exploitation of mineral oils, petroleum in its natural state, rock or carbon oils and other volatile mineral substance and with the secondary purpose of engaging in the business of mining in general. The Company ceased oil and mining operations in 1992.

On July 23, 1997, the SEC approved the amended Articles of Incorporation of the Company consisting of: a) change in its primary purpose from an exploration and mining company to a holding company and revision of its secondary purpose clauses; and b) change of the corporate name from Liberty Mines, Inc. to Philcomsat Holdings Corporation.

The Company is 79.94% owned by Philippine Communications Satellite Corporation (Philcomsat), a company incorporated in the Philippines. The ultimate parent company is Philippine Overseas Telecommunications Corporation (POTC), a company also incorporated in the Philippines. Philcomsat and POTC are both engaged in the telecommunications business.

The registered address, and principal place of business, of the Company is at 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati City.

The Company started operations as a holding company on January 1, 2000. The Company derives income from money market placements, bank deposits, financial assets at FVOCI and other investments.

On May 9, 2006, the SEC approved the extension of corporate life for another fifty (50) years. On May 23, 2016, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company from P1.0 billion, divided into 1,000,000,000 shares with par value of P1 per share, to P30 billion, divided into 3,000,000,000 shares with par value of P1 per share. As at each report date, the resolution is awaiting ratification by the stockholders and pending application with SEC.

1.2 Listing of shares in Philippine Stock Exchange (PSE)

The Company's original 60 million shares are listed and used to be traded in the PSE.

On May 3, 2007, the PSE suspended the trading of the Company's shares due to pending compliance with certain structured reportorial requirements. On December 3, 2008, the SEC ordered the suspension of the Company's registration of securities from the date of the receipt of the Order until the Company is able to submit the reportorial requirements and fully pay the corresponding penalties.

On April 1, 2014, the Company, through its legal counsel, submitted to the SEC three (3) letter request for the lifting of the order of suspension and for a compromise payment of the penalties. The SEC, on December 29, 2015, lifted the order of suspension and directed the Company to file an updated Registration Statement. As at the date of report, the Company is still in the process of updating its Registration Statement.

1.3 Impact of Coronavirus of 2019 (COVID-19) update

COVID19 persisted in 2020 and 2021, and continued to severely impact the country's economy as lockdowns were extended due to rising infections. The government strictly implemented anti-COVID19 measures and deployed the much-awaited vaccines as supplies arrived; these resulted in the decrease of daily infections which was a signal for businesses to restart operations and revive local economic activity during the remaining months of the year.

As the Company derives its income from money market placements, bank deposits and other financial instruments. The Company continuously monitored the investee-companies' performances in light of the adverse effects of lockdowns on the country. The Company maintained its portfolio of investments in prime issues and invested in certain new bonds offered during the year as well as in initial public offering of common and preferred shares.

1.4 Approval of the separate financial statements

The separate financial statements of the Company were approved and authorized for issue by the BOD on April 16, 2022.

Note 2 - Cash and cash equivalents

Cash and cash equivalents as at December 31 consist of:

	2021	2020
Cash on hand	4,485	10,000
Cash in banks	55,093,521	37,726,710
Cash equivalents	56,144,852	160,960,507
	111,242,858	198,697,217

Cash in banks earn interest at prevailing bank deposit rates.

Cash equivalents are short-term money market placements, special savings and time deposits with maturity dates of less than three (3) months from initial acquisition or deposit.

Interest income earned from cash and cash equivalents for the year ended December 31, 2021 amounted to P730,477 (2020 - P2,550,684).

Note 3 - Receivables

Receivables as at December 31 consist of:

	Note	2021	2020
Notes and loans receivable			
Promissory notes issued by various financial institutions		68,000,000	132,267,379
Corporate notes	14	94,432,110	95,464,269
Interest receivable		13,972,998	5,440,539
Dividend receivable		24,515	28,091
Others		1,510,000	-
		177,939,623	233,200,278
Less: Non-current portion or promissory notes		(8,000,000)	(8,000,000)
Current portion of receivables		169,939,623	225,200,278

Notes and loans receivable

Corporate notes

Unsecured corporate notes outstanding as at December 31, 2021 and 2020 pertain to short-term corporate promissory notes issued by various entities, with terms of thirty-five days up to one year and earn interest ranging from 5.5% to 11.0% per annum.

Promissory notes issued by financial institutions

As at December 31, 2021 and 2020, unsecured promissory notes amounting to P8 million are issued by various financial institutions with terms ranging from two to ten years and earn interest ranging from 4% to 7% per annum. This is classified as non-current receivables in the statements of financial position.

Interest income earned from corporate notes and promissory notes issued by various financial institutions amounted to P13.8 million in 2021 (2020 - P11.5 million) (Note 11).

For the year ended December 31, 2020, interest receivable amounting to P1.7 million was converted to principal amount of promissory notes receivable. This transaction is considered as a non-cash investing activity in the statements of cash flows.

As at December 31, 2021 and 2020, all outstanding amount of receivables are collectible in cash, interest bearing and unguaranteed.

Critical accounting estimate: Provision for impairment of receivables

Provision for impairment of receivables is maintained at a level considered adequate to provide for uncollectible receivables. Expected credit losses (ECL) on receivables are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Company has used relevant historical information and loss experience to determine the probability of default of the receivables and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

Management believes, based on its assessment that the carrying amount of receivables is recoverable.

Note 4 - Other non-current assets

Other non-current assets as at December 31 consist of:

	2021	2020
Creditable withholding tax (CWT)	957,488	741,274
Input value-added tax (VAT)	1,401,481	799,390
	2,358,969	1,540,664

Critical accounting judgement: Recoverability of CWT and input VAT

The Company reviews at each reporting date whether there is any objective evidence that the Company's CWT and input VAT is impaired. In making this judgment, the Company evaluates its revenues and taxable income forecasts against which the CWT and input VAT can be applied. Management believes that the carrying amount of input VAT as at each reporting period will be utilized and can be applied against output VAT payable arising from other income.

CWT is recognized to the extent that it is probable that future tax liabilities will be available against which tax credits can be utilized. Determining the realizability of creditable withholding taxes requires the assessment of the availability of taxable profit expected to be generated from the operations which effectively drives the tax liabilities against which such creditable taxes can be applied. Management believes that the carrying amount of CWT as at each reporting date is recoverable.

Note 5 - Financial assets at FVOCI

Financial assets at FVOCI as at December 31 consist of:

	2021	2020
Investments in:		
Quoted bonds	647,466,219	669,389,023
Quoted shares of stocks	262,588,257	239,241,502
Unit investment trust funds (UITF)	111,143,881	104,934,624
Club memberships	5,400,000	5,300,000
	1,026,598,357	1,018,865,149

Movements of financial assets at FVOCI for the years ended December 31 are as follows:

	Cost	Fair value reserve	Carrying value
At January 1, 2020	994,889,263	(1,620,346)	993,268,917
Acquisitions of FVOCI	420,412,719	-	420,412,719
Disposals of FVOCI	(395,271,930)	(4,465,199)	(399,737,129)
Unrealized gain credited to OCI	-	4,920,642	4,920,642
At December 31, 2020	1,020,030,052	(1,164,903)	1,018,865,149
Acquisitions of FVOCI	281,309,746	-	281,309,746
Disposals of FVOCI	(297,563,470)	6,168,347	(291,395,123)
Unrealized gain credited to OCI	-	17,818,585	17,818,585
At December 31, 2021	1,003,776,328	22,822,029	1,026,598,357

The movements in fair value reserve on FVOCI included in the statements of financial position in equity for the years ended December 31 are as follows:

	2021	2020
Beginning balance	(1,164,903)	(1,620,346)
Unrealized gain credited to OCI, net	17,818,585	4,920,642
Transfer of loss (gain) from OCI to profit or loss on disposal of debt instruments at FVOCI	349,065	(2,940,907)
Transfer from other reserves directly to retained earnings of loss (gain) on disposal of equity instruments at FVOCI	5,819,282	(1,524,292)
Ending balance	22,822,029	(1,164,903)

Interest income earned from financial assets at FVOCI amounted to P25.2 million in 2021 (2020 - P26.3 million) (Note 11).

Dividend income earned from financial assets at FVOCI amounted to P7.7 million in 2021 (2020 - P6.5 million) (Note 11).

For the year ended December 31, 2021, realized loss on sale of debt instruments at FVOCI recognized directly to profit or loss amounted to P349,065 (2020 - P2,940,907 gain).

For the year ended December 31, 2021, realized loss on sale of equity instruments at FVOCI recognized directly to retained earnings amounted to P5,819,282 (2020 - P1,524,292 gain).

The fair value of these financial assets are determined based on quoted market bid prices at the close of business as at reporting date since most of these are actively traded in an organized financial market. The fair value measurement of the financial assets at FVOCI is classified as Level 1 (Quoted bonds, shares of stock and club memberships) and level 2 (UITF).

Critical accounting estimate: Fair value of financial instruments

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models that primarily uses as inputs market-based or independently sourced market parameters. The Company's financial assets at FVOCI as at December 31, 2021 and 2020 comprise primarily of equity and debt securities traded in the Philippine Stock Exchange (PSE) which has an active market, wherein securities are traded or can be bought and sold.

The sensitivity analysis on the reasonable possible changes in market prices of the Company's securities is disclosed in Note 20.

Note 6 - Investment in a subsidiary

Investment in a subsidiary as at December 31, 2021 and 2020 represent 100% equity shares in Philcomsat Management Enterprises, Inc. (PMEI) with a total investment cost of P25,000,000. There are no movements in investment in subsidiary for the years ended December 31, 2021 and 2020.

PMEI is engaged in providing business management services, business conceptualization, and allied services, including acquiring, holding and operating businesses.

There are no guarantees extended by the Company to the subsidiary.

Critical accounting judgement: Recoverability of investment in a subsidiary

The Company's investment in subsidiary is carried at cost. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those assessment and judgment could have a significant effect on the carrying value of investment in a subsidiary and the amount and timing of recorded provision for any period. Management believes that there are no other events or changes in circumstances indicating that the carrying amounts of the investments in a subsidiary as at each reporting dates may not be recoverable.

Note 7 - Property and equipment, net

Property and equipment, net as at December 31 consist of:

	Transportation equipment	Furniture and fixtures	Office equipment	Total
At January 1, 2020				
Cost	5,011,638	3,486,626	508,030	9,006,294
Accumulated depreciation	(4,985,251)	(3,486,626)	(464,582)	(8,936,459)
Net carrying value	26,387	-	43,448	69,835
Year ended December 31, 2020				
Opening net carrying value	26,387	-	43,448	69,835
Depreciation expense	(12,179)	-	(43,448)	(55,627)
Closing net carrying value	14,208	-	-	14,208
At December 31, 2020				
Cost	5,011,638	3,486,626	508,030	9,006,294
Accumulated depreciation	(4,997,430)	(3,486,626)	(508,030)	(8,992,086)
Net carrying value	14,208	-	-	14,208
For the year ended December 31, 2021				
Opening carrying value	14,208	-	-	14,208
Depreciation expense	(12,178)	-	-	(12,178)
Closing net carrying value	2,030	-	-	2,030
At December 31, 2021				
Cost	5,011,638	3,486,626	508,030	9,006,294
Accumulated depreciation	(5,009,608)	(3,486,626)	(508,030)	(9,004,264)
Net carrying value	2,030	-	-	2,030

Depreciation expense from property and equipment is recognized as part of general and administrative expenses (Note 12).

Note 8 - Trade and other payables

Trade and other payables as at December 31 consist of:

	2021	2020
Trade payables	2,933,912	2,192,687
Customer deposits	1,237,874	1,237,874
Statutory payables	447,884	605,443
	4,619,670	4,036,004

Trade and other payables are noninterest-bearing and are normally settled on a 30-day credit term.

Customer deposits pertains to rental deposits received from the lessee of condominium units and parking slots sold in 2018. The Company is expected to refund these deposits to its lessees upon completion of the required documentations.

Statutory payables pertain to expanded withholding taxes.

Note 9 - Lease commitments

The Company as a lessee

The Company has a lease agreement with Philcomsat for its office space for a term of two years subject to renewal under mutual agreement of both parties from January 1, 2019 to December 31, 2020. On January 1, 2021, the lease contract was renewed for another 2 years until December 31, 2022. The annual rent is subject to escalation fee of 5%.

(i) *Amounts recognized in the statements of financial position*

Movements in the ROU asset as at December 31 are presented below:

	Note	2021	2020
Beginning balance		-	1,154,506
Additions		2,671,576	-
Depreciation	12	(1,335,788)	(1,154,506)
Ending balance		1,335,788	-

Details of ROU asset as at December 31 are as follows.

	2021	2020
Cost	3,826,082	1,154,506
Accumulated depreciation	(2,490,294)	(1,154,506)
	1,335,788	-

Movements in the lease liability as at December 31 are presented below:

	2021	2020
Beginning balance	-	1,217,321
Additions	2,671,576	-
Interest expense	33,884	45,922
Payments	(1,326,405)	(1,263,243)
Ending balance	1,379,055	-

Total cash outflows for the payment of lease liability for the year ended December 31, 2021 amounted to P1,326,405 (2020 - P1,263,243).

Future minimum lease payments under lease liabilities and the net present value of the minimum lease payments as at December 31 follows:

	2021	2020
Not later than one year	1,392,725	-
Less: future finance charges on lease liability	13,670	-
	1,379,055	-

(ii) *Amounts recognized in the statements of total comprehensive income*

The statements of total comprehensive income for the years ended December 31 show the following amounts relating to leases:

	Note	2021	2020
Depreciation on ROU asset	12	1,335,788	1,154,506
Interest on lease liability		33,884	45,922
		1,369,672	1,200,428

Critical accounting estimate: Determining the incremental borrowing rate

To determine the incremental borrowing rate, the Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Company and (2) security using the right-of-use asset.

Critical accounting judgment: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Note 10 - Equity

Share capital

Details of share capital as at December 31, 2021 and 2020 are as follows:

	Number of shares	Amount
Common shares at P1 par value per share		
Authorized shares	1,000,000,000	1,000,000,000
Subscribed, issued and outstanding shares	996,391,254	996,391,254

Each common share confers upon a common shareholder: a) the right to vote at any shareholders' meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have pre-emptive rights to acquire new shares to be issued by the Company.

Note 11 - Income

Income for the years ended December 31 are as follows:

	Note	2021	2020
Interest income		39,706,612	40,364,519
Dividend income		7,724,537	6,528,215
	5	47,431,149	46,892,734

Interest income included in revenue as shown in the separate statements of income is earned from the following:

	Notes	2021	2020
Cash and cash equivalents	2	730,477	2,550,684
Receivables	3	13,807,088	11,547,919
Financial assets at FVOCI	5	25,169,047	26,265,916
		39,706,612	40,364,519

Note 12 - Operating expenses

Operating expenses for the years ended December 31 are as follows:

	Notes	2021	2020
Professional fees		11,450,406	10,776,549
Legal fees		6,909,500	784,206
Directors' fees	14	3,144,818	3,945,241
Representation and entertainment		3,058,825	2,336,735
Transportation and travel		2,180,669	1,243,037
Bank charges		1,383,477	1,576,071
Amortization of ROU asset	9	1,335,788	1,154,506
Security services		601,570	-
Advertising		528,006	159,393
Taxes and licenses		278,427	6,178,323
Depreciation	7	12,178	55,627
Others		1,001,707	666,743
		31,885,371	28,876,431

Note 13 - Income tax

On March 26, 2021, Republic Act No.11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprise Act (CREATE), was signed into law. Among the salient provisions of CREATE which are relevant to the Company include the following:

- reduction of corporate income tax (CIT) rate from 30% to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated);
- reduction of CIT rate from 30% to 25% shall be applicable to all other corporations subject to regular CIT;
- Minimum corporate income tax (MCIT) rate shall also be amended from 2% to 1% for the period beginning July 1, 2020 until June 30, 2023.

Income tax expense

The components of income tax benefit as shown in profit or loss for the years ended December 31 are as follows:

	2021	2020
Current	81,932	127,839
Deferred	798,666	-
	880,598	127,839

The reconciliation of the income tax benefit computed at statutory tax rate to provision for income tax as presented in the statements of income are as follows:

	2021	2020
Income tax at statutory rate of 25% (2020 - 30%)	4,589,374	5,308,503
Add (deduct) tax effects of:		
Interest income already subjected to final tax	(7,079,362)	(10,191,766)
Tax expense from net operating loss carryover (NOLCO)	5,189,542	-
Dividend income subject to final tax	(1,931,134)	(1,958,465)
Change in unrecognized deferred income tax (DIT) assets	(804,070)	5,374,309
Non-deductible expenses	747,050	2,477,530
Tax expense from MCIT	113,892	-
Realized loss (gain) on sale of debt instruments measured at FVOCI	87,266	(882,272)
Effects of tax rate changes	(31,960)	-
	880,598	127,839

Deferred income tax

Unrecognized DIT assets as at December 31 represent the following:

	2021	2020
NOLCO	12,584,139	8,873,516
MCIT	209,771	127,839
Unrealized foreign exchange loss	-	359,753
	12,793,910	9,361,108

As at December 31, 2021, the Company recognized DIT liability arising from unrealized foreign exchange gain amounting to P798,666 (2020 - nil).

Net operating loss carryover (NOLCO)

The Republic Act No. 9337 (the "Act") provided the NOLCO privilege which can be carried over as a deduction for the three succeeding taxable years immediately following the year such loss was incurred.

In 2020, pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss.

Details of NOLCO at December 31 are as follows:

Year incurred	Year of expiration	2021	2020
2019	2022	13,289,327	13,289,327
2020	2025	16,289,059	16,289,059
2021	2026	20,758,171	-
Subtotal		50,336,557	29,578,386
Tax rate		25%	30%
Unrecognized DIT asset on NOLCO		12,584,139	8,873,516

MCIT

Details of unrecognized MCIT as at December 31 are as follows:

Year incurred	Year of expiration	2021	2020
2020	2023	95,879	127,839
2021	2024	113,892	-
		209,771	127,839

Realization of future tax benefit related to DIT assets is dependent on the Company's ability to generate future taxable income during the periods in which these are expected to be recovered. The Company has considered these factors in reaching a conclusion as to the amount of DIT assets recognized as at December 31, 2021 and 2020 and regularly reviews the recoverability of the DIT assets to be recognized.

Note 14 - Related party transactions

The table below summarizes the Company's transactions and balances with its related parties.

The Company has transactions with related parties as follows:

	Terms and conditions	Transactions		Balances Due from (due to)	
		2021	2020	2021	2020
Notes receivable					
Parent company	Unsecured note, due on demand and bears interest of 5% to 7% per annum.	-	20,000,000	20,000,000	20,000,000
<i>Principal</i>					
<i>Interest</i>	Amounts are payable in cash on a gross basis.	644,762	-	528,767	268,494
Entities under common control					
<i>Principal</i>		-	-	48,805,002	48,805,002
<i>Interest</i>	Interest bearing, unsecured, with no guarantee.	3,006,589	3,615,241	5,476,716	2,470,127
		3,651,351	23,615,241	74,810,485	71,543,622
Advances					
Parent company	These are advances made by the related party for various project related expenses.	171,334,691	-	174,858,278	3,523,586
<i>Principal</i>		4,641,280	-	4,257,275	-
<i>Interest</i>					
Entities under common control	Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed interest bearing and due on demand.	-	-	10,450,310	10,450,310
<i>Principal</i>		445,485	445,485	817,939	372,455
<i>Interest</i>					
		176,421,456	445,485	190,383,802	14,346,351
Future stock subscription					
Parent company	As discussed in Note 1.1, the Company's Board of Directors (BOD) confirmed and ratified its previous resolution increasing the authorized capital stock of the Company.	-	-	18,894,000	18,894,000
	Consequently, the Company received P18,894,000 as deposit for future stock subscription.				
	As discussed in Note 1.1, as at each report date, the resolution to increase the Company's authorized capital stock is awaiting ratification by the stockholders and pending application with SEC, hence recorded as deposit for future stock subscription and is presented within non-current liabilities in the statements of financial position.				

	Terms and conditions	Transactions		Balances Due from (due to)	
		2021	2020	2021	2020
Leases					
Parent company	<p>The Company has a lease agreement with Philcomsat for the rent of its office space located at the 12th Floor, Telecom Plaza Building, 316 Sen. Gil Puyat Ave., Makati City. The lease term is for two years and is renewable under mutual agreement of both parties. Transactions during the year pertains to the total lease payments made during the year.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>	1,386,559	1,203,088	1,379,055	-
Expense recharges					
Entities under common control	<p>These are recharges made by a related party for association dues and utilities taxes paid by the related party on behalf of the Company. These are billed at cost and are charged to general and administrative expenses.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>	277,296	178,444	-	-
Professional fees					
Entity under common control	<p>The Company entered into an agreement with PSTI to avail of their services as stock transfer agent.</p> <p>Amounts are payable in cash on a gross basis. These are unsecured, unguaranteed, non-interest bearing and due on demand.</p>	180,000	180,000	-	-
Key management compensation					
Director's fees	<p>Key management compensation of the Company consists only of directors' fees.</p> <p>The Company does not have amounts receivables from/payables to key management personnel arising from the above agreement as at December 31, 2021 and 2020.</p> <p>The Company does not have any regular employees. The accounting and management services are under the management of Philcomsat, its ultimate parent company.</p>	3,144,818	3,945,241	-	-

Note 15 - Earnings per share

Basic/diluted earnings per share for the years ended December 31 as follows:

	2021	2020
Profit for the year	17,476,896	17,567,170
Weighted average number of shares outstanding	996,391,254	996,391,254
	0.0175	0.0176

Note 16 - Civil cases

An action was filed in the Sandiganbayan by a group claiming to be directors and officers of POTC and Philcomsat seeking to enjoin the present directors and officers of POTC and Philcomsat from representing themselves as directors and officers and representatives of the Company. The Company sought the dismissal of the complaint against it on the ground that it is not a real party-in-interest since the injunction being sought is not directed against it. The Sandiganbayan issued a decision dismissing the case. The group alleging that they are the POTC and Philcomsat board of directors, however, appealed the case with the Supreme Court (SC) on November 10, 2008. The SC consolidated this case with three other cases.

On July 3, 2013, the SC in GR Nos. 184622, 184712-14, 186066 and 186590 ruled in favor of the Bildner Group and declared the Bildner Group as the legitimate board of directors of the Company.

The July 3, 2013 Decision attained finality on October 23, 2013 when the SC issued a Resolution denying the Motions for Reconsideration filed by the opposing parties. On March 27, 2014, the July 23, 2013 Decision has become final and executory.

The Company also filed cases for the recovery of advances made by former directors and officers of the Company. These cases are now pending resolution with the Department of Justice (DOJ).

Note 17 - Litigation

The following cases were filed by the Company to recover assets allegedly withdrawn or misappropriated by the former officers:

- Philippine Communications Satellite Corporation against Philcomsat Holdings Corp. (PHC and former directors), Luis Lokin Jr., Enrique Locsin and Philip Brodett (Locsin Group)

PHC, through the valid and incumbent directors (Bildner Group) filed a Motion for Issuance of Writ of Execution with the Regional Trial Court (RTC) of Makati Branch 138 as court of origin, following the final resolution of SC declaring the election of Locsin Group as PHC's officers and directors. Accordingly, the SC ordered the Locsin Group to render an accounting and return of funds allegedly received from the Company. An Order granting the Motion was issued on February 20, 2017, resulting to the issuance of the Writ of Execution on February 28, 2017. On January 9, 2018, PHC filed a manifestation for the implementation of the Writ of Execution. On February 9, 2018, an Order was issued directing PHC, within thirty (30) days from receipt, to submit its preferred accounting firm who will conduct the accounting of all funds and other assets received from POTC, PHC and Philcomsat since September 2004. On February 22, 2018, PHC filed its Ex-Parte Manifestation and Motion, in compliance with the said Order. On July 11, 2018, the Sheriff of the Office of the Clerk of Court of Makati served the Writ of Execution to Manuel Andal, Benito Araneta, Philip Brodett, Enrique Locsin, Concepcion Poblador and Johnny Tan. On June 6, 2019, PHC filed an Ex-Parte Motion to Resolve the pending motion to appoint Virgilio R. Santos as the auditing accounting firm for the execution of the SC Decision dated July 3, 2013 issued in GR Nos. 184622, 184712-14, 186066 and 186590.

There was a status conference held in this case on December 13, 2019 where the Court required the defendants to provide a name of their selected accountant to move forward with the audit. The defendants failed or refused again to comply, so the Court is likely to appoint Philcomsat's proposed accountant, Virgilio R. Santos, to do the audit.

On May 2, 2017, the Presidential Commission on Good Government (PCGG) and Locsin filed with the Court of Appeals (CA) a Petition for Certiorari and Prohibition with Very Urgent Prayer for Issuance of Temporary Restraining Order and/or Writ of Preliminary Injunction assailing the Order dated February 20, 2017 issued by the RTC. On January 30, 2018, the CA issued a Decision dismissing the Petition. On February 22, 2018, PCGG and Locsin filed their Motion for Reconsideration with Motion to Exclude the PCGG from the instant Petition, which are both denied in a Resolution dated June 27, 2018. On August 8, 2018, PCGG filed its Motion for Reconsideration on the denial of its Motion for Exclusion. On October 29, 2018, Philcomsat filed its Opposition thereto.

Meanwhile, PCGG and Locsin filed a Petition for Review with the Supreme Court (SC) questioning the Decision issued by the CA dated January 30, 2018, which dismissed their Appeal. Philcomsat filed its comment thereto on November 6, 2018. PCGG filed its Reply on February 17, 2020.

Separately, Brodett filed his Petition for Certiorari under Rule 65 with the CA assailing the Order issued by the RTC, which denied his Motion for Clarification on the issue of rendering an accounting of the funds. The CA denied his Petition on the ground that clarification may only be allowed if the order involves a clerical error but not when it is an alleged erroneous judgment or dispositive portion of the decision. Since Brodett's Motion for Clarification was raised questioning the grant of a writ of execution, the CA held that it cannot be subject of a motion for clarification. On December 15, 2017, the CA's dismissal was issued and the case was considered terminated. Brodett still filed his Motion for Reconsideration, which was denied on May 10, 2018. Brodett elevated the matter to the SC via Petition for Review but the SC denied the same in a Resolution dated August 29, 2018.

- Complaint for collection against Araneta and Lokin

On May 26, 2010, a complaint for collection of sum of money and damages, with an application for a Writ of Preliminary Attachment dated May 24, 2010 was filed by the Company against Benito Araneta and Luis Lokin Jr., former directors of the Company for an alleged personal back to back loans with Bankwise procured by Araneta using the Company's funds as collateral, with the help of Lokin, in the amount of P35.3 million.

On February 2, 2017, a Decision was issued finding Araneta and Lokin liable to pay PHC; a) actual damages in the sum of P31.5 million plus legal interest of 6% computed from May 26, 2010, the time of judicial demand until fully paid; b) P200,000 as and by way of exemplary damages; and c) P200,000 as and by way of attorney's fees, plus costs of suit. Araneta and Lokin filed their Notices of Appeal on September 6 and September 8, 2017, respectively. On January 16, 2018, the Court of Appeals (CA) required defendants to file Appellant's Brief within 45 days from receipt thereof. On April 20, 2018 and May 7, 2018, PHC received Lokin and Araneta's Appellant's Briefs, respectively. On June 5, 2018, PHC filed its Appellee's Brief. On September 18, 2018, PHC filed a Compliance submitting proof of service of its Appellee's Brief to defendants in accordance with the CA's Resolution dated July 2, 2018. On April 25, 2019, the CA issued a Decision granting Araneta's appeal. On May 30, 2019, PHC filed its Motion for Reconsideration of the said Decision. On July 11, 2019, Araneta filed his Comment thereto, in accordance with the Resolution dated June 6, 2019 issued by the CA to file the same. On October 24, 2019, the Court of Appeal issued a Resolution denying PHC's Motion for Reconsideration.

On November 26, 2019, PHC elevated the case to the Supreme Court via Petition for Review on Certiorari under Rule 45. On March 9, 2020, Araneta filed his Comment.

- Criminal complaint against Brodett and Bankwise Officers using spurious bank accounts for company's deposits

On May 8, 2008, the Company filed a criminal complaint for estafa for misappropriation of corporate funds against Brodett, a former director of the Company, and certain officers of Bankwise. The complaint alleged that the unauthorized deposits, withdrawals and transfers of the Company's funds in the amount of P66.8 million was processed through spurious bank accounts and involved the co-mingling and transfer of funds between the Company's accounts and certain personal accounts.

On June 14, 2016, an Order was issued allowing Brodett to present his defense only with respect to the P27.0 million and P9.3 million which allegedly came from PHC funds and not in the whole amount of P66.8 million. On July 1, 2016, a Motion for Reconsideration of the said Order was filed by the Private Prosecutor (Parent Company). On August 30, 2016, the Private Prosecutor filed a Reply to Brodett's Comment/Opposition dated August 25, 2016. After the presentation of defense evidence has already been concluded on June 5, 2018, the accused filed their Formal Offer of Evidence, which was partially admitted by the Court on August 28, 2018. On February 21, 2020, the Court promulgated its judgment finding accused Brodett guilty for the crime of theft, sentencing him to the penalty of imprisonment for a minimum period of four (4) years, two (2) months, one (1) day, to a maximum period of sixteen (16) years and 4 months. He was also found civilly liable to pay PHC the amount of P14,235,700, with legal interest of 12% per annum from April 11, 2008 until June 30, 2013 and the total obligation plus 6% legal interest from July 1, 2013 until fully paid. On March 3, 2020, Brodett filed his Motion for Partial Reconsideration of the Decision. On July 1, 2020, PHC filed its Consolidated Comment/Opposition thereto. In ruling Brodett's Motion for Reconsideration, the Court again promulgated the case on December 2, 2020 and affirmed Brodett's conviction. He then filed an appeal on 3 December 2020.

- Criminal complaint against Araneta for non-return of PHC deposits

A criminal complaint for estafa was filed against Araneta for money market placements amounting to P65.0 million which allegedly were not returned to the Company. The case was dismissed on February 9, 2009 for lack of probable cause. The appeal filed on March 4, 2009 is still pending decision with the DOJ as at report date.

- Criminal complaint against Concepcion A. Poblador

A criminal complaint for estafa was filed against Ms. Poblador for allegedly receiving cash advances amounting to P14.5 million, which she failed to account for and return to the Company after formal demands. On February 9, 2009, the DOJ issued a Resolution directing the filing of an information against Ms. Poblador only for P0.2 million.

On January 7, 2014, the Company filed a Petition for Certiorari praying that the DOJ file new information against Ms. Poblador for estafa for the total amount of P16.7 million.

On January 10, 2014, the Company received a Petition for Certiorari filed by Ms. Poblador seeking the reversal of the Resolution directing the filing of an Information for estafa against her for P0.2 million. On August 29, 2014, the two petitions were consolidated.

On April 26, 2017, subsequent to the filing of the parties' respective Memoranda, the CA issued a Resolution requiring Ms. Poblador to file a Rejoinder to the Company's Reply (to the Memorandum of Poblador). In the meantime, the case was returned to "Completion State" pending the filing of the Rejoinder. Poblador filed her Rejoinder on June 1, 2017 under a Motion to Admit Attached Rejoinder.

On November 29, 2017, Poblador filed a Manifestation adopting her previous Memorandum dated December 22, 2014 as her compliance with the Resolution dated October 11, 2017. The Office of the Solicitor General filed a Manifestation and Motion on November 24, 2017 asking that the DOJ Secretary be excused from filing a Memorandum.

Based on the Resolution of the Court requiring the parties anew to file their respective Memorandum, PHC's (2nd) Memorandum was filed on December 13, 2017, within the extended period prayed for.

On June 14, 2019, the CA issued a Decision denying both PHC's and Ms. Poblador's Petitions for Certiorari. On July 5 and 11, 2019, both parties filed their respective Motions for Reconsideration. On July 24, 2019, PHC filed its Comment to Ms. Poblador's Motion for Reconsideration. On August 10, 2020, the CA issued a Resolution denying PHC and Ms. Poblador's Motions for Reconsideration. PHC decided not to pursue the case with the Supreme Court considering that the amount involved is already covered by the advances to affiliates case.

On November 3, 2020, Poblador filed her Petition for Review with the Supreme Court.

The Company is also involved in other litigations, claims and disputes which are normal to its business. Management believes that the ultimate liability, if any, with respect to these litigations, claims and disputes will not materially affect the financial position and financial performance of the Company.

Note 18 - Critical accounting estimates, assumptions, and judgments

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Critical accounting estimates and assumptions

- Provision of impairment of receivables and due from related parties (Notes 3 and 14)
- Fair value of financial instruments (Note 5)
- Determining the incremental borrowing rate for leases (Note 9)

(b) Critical accounting judgments in applying the Company's accounting policies

- Recoverability of due from related parties (Note 18)
- Recoverability of input VAT and tax credits (Note 4)
- Recoverability of investment in a subsidiary (Note 6)

Note 19 - Financial risk management and capital management

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is carried out by management under the direction of the BOD. Management identifies and evaluates financial risks in close cooperation with the Company's department heads. The BOD reviews and approves policies and procedures covering specific financial risk areas. These policies and procedures enable the Company's management to make strategic and informed decisions with regard to the operations of the Company.

The most important types of risk the Company manages are credit risk, market risk and liquidity risk. Market risk includes foreign exchange, interest and price risks. The Company has no significant financial assets and liabilities that are exposed to foreign exchange and interest risk.

Components of financial assets and liabilities

Details of the Company's financial assets as at December 31 are as follows:

	Notes	2021	2020
Financial assets measured at amortized cost			
Cash and cash equivalents	2	111,242,858	198,687,217
Receivable	2	177,939,623	233,200,278
Due from related parties	14	185,308,588	13,973,896
Financial assets at fair value through other comprehensive income (FVOCI)		1,026,598,357	1,018,865,149
		1,501,089,426	1,464,726,540

Other current assets consist of advances subject for liquidation, hence not considered as financial assets.

Other non-current assets consist of CWT and input VAT which not considered as financial assets since they do not arise from contractual arrangements.

Details of the Company's financial liabilities as at December 31 are as follows:

	Notes	2021	2020
Trade payables	8	2,933,912	2,192,687
Lease liabilities	9	1,379,055	-
		4,312,967	2,192,687

Other payables consisting of customer deposits and statutory payables not arising from contractual arrangements are not considered as financial liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Company by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Company's business, could result to losses that are different from those provided for at reporting date.

The Company enters into contracts only with recognized, credit-worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Company obtains guarantees where appropriate to mitigate credit risk.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on receivables and amounts due from a related party.

There is no significant concentration of credit risk, whether through exposure to individual counterparties or specific industry sectors.

As at December 31, the maximum exposure to credit risk for the Company's financial assets are as follows:

	Gross carrying amount	Net carrying amount	Internal credit rating	Basis for recognition of ECL
<i>December 31, 2021</i>				
Cash and cash equivalents	111,242,858	111,242,858	Performing	12-month ECL
Receivable	177,939,623	177,939,623	Performing	12-month ECL
Due from related parties	185,308,588	185,308,588	Performing	12-month ECL
Financial assets at FVOCI	1,026,598,357	1,026,598,357	Performing	Not applicable
	1,501,089,426	1,501,089,426		
<i>December 31, 2020</i>				
Cash and cash equivalents	198,687,217	198,687,217	Performing	12-month ECL
Receivable	233,200,278	233,200,278	Performing	12-month ECL
Due from related parties	13,973,896	13,973,896	Performing	12-month ECL
Financial assets at FVOCI	1,018,865,149	1,018,865,149	Performing	Not applicable
	1,464,726,540	1,464,726,540		

No impairment was recorded related to the financial assets for the years ended December 31, 2021 and 2020.

Generally, receivables are written-off if collection cannot be made despite exhausting all extrajudicial and legal means of collection. The maximum exposure to credit risk at reporting date is the carrying value of the financial assets. The Company does not hold collateral as security.

Cash and cash equivalents

The Company has policies that limit the amount of credit exposure with financial institutions. All of the Company's cash in bank is deposited with a well-capitalized financial institution and reputable universal bank with strong financial standing. While cash in bank is also subject to requirements of PFRS 9, the expected credit loss is deemed immaterial.

Receivables

The Company has outstanding receivables from corporate notes and its related interest. The Company does not expect significant credit exposure on this receivable considering that these are short-term investments in promissory notes of reputable and listed institutions with good credit rating.

Due from related parties

Due from related parties arising from advances are collectible after 12 months. Expected credit losses are based on the assumption that repayment of balances outstanding will not be compromised considering these are receivables from entities under common control or parent company with no history of default.

Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of a related party, Company has assessed that the outstanding balances are exposed to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

None of the fully performing financial assets have been renegotiated during 2021 and 2020.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash to meet the Company's operational commitment and finance its operation and working capital requirements.

Prudent liquidity risk management implies maintaining sufficient cash, timely collection of receivables and availability of funding through an adequate amount of facilities. The Company aims to maintain flexibility in funding by keeping track of its cash collections from dividends. The Company may also obtain funding from its shareholders, as well from third-party banking institutions, as necessary, to finance its operations and working capital requirements.

All of the Company's financial liabilities as at December 31, 2021 amounting to P4,312,967 (2020 - P2,192,687) which are based on undiscounted cash flows, are due and expected to be paid within 12 months after reporting period.

Market risk

Price risk

The Company is exposed to equity securities price risk because of the Company's investments in financial assets at FVPL and financial assets at FVOCI which consist primarily of investment in listed and traded securities.

Equity price risk is the risk that the fair values of equity instruments recognized under financial assets at FVOCI decrease as the result of changes in the levels of equity indices and the value of individual stocks.

The Company measures the sensitivity of its investment securities by using PSE index (PSEi) fluctuations. The table below sets forth the impact of changes in PSEi in other comprehensive income in 2021, 2020 and 2019.

	Increase (decrease) in PSEi	Increase (decrease) in other comprehensive income
2021	1% (16%)	3,857,296 42,122,764
2020	10% (35%)	23,489,183 (84,317,292)

The sensitivity of the equity is the effect of the assumed changes in the PSEi on the net unrealized gain (loss) for the year, based on the adjusted beta rate of equity securities as at December 31, 2021 and 2020.

The reasonable possible changes in the market price of investments were determined based on Company's analysis of the movement in share prices for the next 30 days from the close of the financial year.

Foreign currency exchange risk

The Company is exposed to foreign currency exchange risk arising from currency exposures, primarily with respect to the US Dollar. Foreign currency exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company's foreign-currency denominated financial instrument consists of cash in banks and cash equivalents totaling US\$89,259 as at December 31, 2021 (2020 - US\$42,448). The Company's exposure to foreign currency risk is insignificant.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. As at December 31, 2021, 2020 and 2019, the Company has repricedable financial assets, specifically investments in quoted bonds classified as financial assets at FVOCI. Accordingly, the Company is subject to fair value interest rate risk.

The Company measures the sensitivity of its investment securities by using PHP BVAL reference rate fluctuations. The table below sets forth the impact of changes in PHP BVAL in the Company's other comprehensive income in 2021, 2020 and 2019.

	Increase (decrease) in PHP BVAL	Increase (decrease) in other comprehensive income
2021	6% (40%)	38,673,770 258,702,901
2020	98% (7%)	658,959,070 (47,870,809)

Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and obtain borrowings from banks or to related party.

The capital that the Company manages is the total equity as shown in the statements of financial position.

The Company is not subject to any externally imposed capital requirements.

Fair value estimation

As at December 31, 2021 and 2020, the carrying amounts of cash and cash equivalents, receivables, due from related parties and due to related parties reasonably approximate their fair values due to the short-term nature of these financial instruments.

The different levels in the fair value hierarchy have been defined in Note 20.4. There were no transfers between Levels 1, 2 and 3 during the year.

Note 20 - Summary of significant accounting policies

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

20.1 Basis of preparation

These financial statements of the Company 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 Parent Company has also prepared consolidated financial statements in accordance with PFRS for itself and its subsidiaries (collectively, the “Group”). In the consolidated financial statements, subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations have been fully consolidated. The consolidated financial statements can be obtained from the SEC.

The users of these separate financial statements should read them together with the Group’s consolidated financial statements as at and for the years ended December 31, 2021 and 2020 in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole.

These financial statements have been prepared under the historical cost convention, except for the financial assets at fair value through other comprehensive income (FVOCI).

The preparation of financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company’s accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are summarized in Note 18.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company

The Company has applied the following amendment for the first time for the financial year beginning January 1, 2021:

- Amendment to PFRS 16, Leases, COVID-19-related rent concession

Amendment to PFRS 16 amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments are effective for annual periods beginning on or after April 1, 2021.

The amendment has no significant impact to the Company’s financial statements.

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

- PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- Amendments to PAS 8 - Definition of Accounting Estimates

Amendments to help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendments are effective for annual periods beginning on or after January 1, 2023.

- Amendments to PAS 1 - Disclosure of Accounting Policies

Amendments to require disclose its material accounting policy information instead of its significant accounting policies and explanations on how an entity can identify material accounting policy information. The amendments are effective for annual periods beginning on or after January 1, 2023.

- PFRS 9 Financial Instruments - Fees in “10 per cent” Test for Derecognition of Financial Liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

- Reference to the Conceptual Framework

Amendments to PFRS 3 are intended to replace a reference to a previous version of the 1989 Conceptual Framework with a reference to the current version of the Conceptual Framework issued in March 2018 without significantly changing its requirements. The guidance is effective as of January 1, 2022, with early adoption permitted.

- Onerous Contracts – cost of fulfilling a contract Standard/Description

This guidance specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. It clarifies that the ‘cost of fulfilling’ a contract comprises the costs that relate directly to the contract, which can either be incremental costs to fulfil or an allocation of other costs related directly to fulfilment. The guidance is effective for annual periods beginning on or after January 1, 2022, with early adoption permitted.

- Disclosure of Accounting Policies (Amendments to PFRS 1 and PFRS Practice Statement 2)

The FRSC amended IFRS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the FRSC also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

- Definition of Accounting Estimates (Amendments to PAS 8)

The amendment to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Company does not expect these amendments to have a significant impact to the Company’s financial statements.

There are no other standards, amendments and interpretations which are effective for the financial year beginning January 1, 2021 that are relevant to and have a material impact on the Company's financial statements.

20.2 Financial assets

Classification

The Company classifies its financial assets in the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through profit or loss (FVPL), and (c) financial assets at fair value through other comprehensive income (FVOCI). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Company only holds financial assets under category (a) during and at the end of each reporting period.

The Company classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Company's financial assets at amortized cost comprise of cash and cash equivalents, receivables, and due from a related party.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months at the end of the reporting period.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition as at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or a financial guarantee contract. Fair value gains or losses on investments held for trading net of interest income accrued on these assets, are recognized in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as financial assets at FVPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated by management on initial recognition as at FVPL, if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains and losses on them on a different basis; or
- The assets are part of group of financial assets, liabilities or both which are managed and their performance evaluated on fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

Financial assets at FVOCI

Financial assets at fair value through other comprehensive income (FVOCI) comprise debt and equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognize in this category. This is a strategic investment and the Company considers this classification to be more relevant. On disposal of this equity investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

As at December 31, 2021 and 2020, investments in shares of stocks of various listed corporations, UITFs, traded bonds and club memberships are designated as financial assets at FVOCI. Details of the Company's financial assets at FVOCI are disclosed in Note 5.

Recognition and measurement

The Company recognizes a financial asset in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are initially measured at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs.

Derecognition

The basic premise for the derecognition model is to determine whether the asset under consideration for derecognition is:

- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets)

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the Company has transferred the contractual rights to receive the cash flows, or the Company has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:

- the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;
- the Company is prohibited from selling or pledging the original asset (other than as security to the eventual recipient); and
- the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognized. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the Company has neither retained nor transferred substantially all of the risks and rewards of the asset, then the Company must assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate; however, if the Company has retained control of the asset, then the Company continues to recognize the asset to the extent to which it has a continuing involvement in the asset.

Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented as part of cost and expenses in the statement of comprehensive income.

With the exception of purchased or originated credit impaired financial assets, expected credit losses are required to be measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

(i) Simplified approach

The Company applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. As at December 31, 2021 and 2020, the Company has nil trade receivables.

(ii) General approach

The Company applies the general approach to provide for ECLs on cash in banks, interest receivable, and due from a related party. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 360 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) (i.e., the magnitude of the loss if there is a default) and the exposure at default (EAD). The assessment of the PD and LGD is based on historical data adjusted by forward-looking information as described above. As for the EAD, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as actual default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in profit or loss.

Financial assets at FVOCI

In the case of equity investments classified as financial assets carried at FVOCI, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. When a decline in the fair value of a financial assets carried at FVOCI has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is removed directly from equity with no option to recycle to profit or loss. Impairment losses recognized in profit or loss for an investment on equity instrument classified as financial assets at fair value through other comprehensive income are not reversed through profit or loss.

In the case of debt instruments classified as financial assets carried at FVOCI, movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the profit or loss.

20.3 Financial liabilities

Classification and presentation

The Company classifies its financial liabilities in the following categories: (i) financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and (ii) financial liabilities at amortized cost. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

The Company did not hold financial liabilities at fair value through profit or loss during and at the end of each reporting period.

The Company's financial liabilities at amortized cost consist mainly of trade payables and other liabilities (excluding customer deposits and statutory payables) and lease liabilities.

Initial recognition and subsequent measurement

The Company's financial liabilities at amortized cost are initially measured at fair value plus transaction costs. Subsequently, these are measured at amortized cost using the effective interest method.

Interest expense on financial liabilities is recognized within finance cost, at gross amount, in the statements of total comprehensive income.

Derecognition

Financial liabilities are derecognized when extinguished, that is, when the obligation specified in a contract is discharged or cancelled or when the obligation expires.

20.4 Determination of fair value

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.

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

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

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the Company will not fulfill an obligation.

The Company 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).

For assets that are recognized on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The 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 Company 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 Company 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 Company uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

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

Specific valuation techniques used to value financial instruments include:

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

The Company determines the policies and procedures for recurring fair value measurement, such as investment properties. External valuers are involved for valuation of investment properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the Company analyze the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with its external valuers, also compare the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

20.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements 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.

The Company has no offsetting arrangements as at December 31, 2021 and 2020.

20.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. These are carried in the statement of financial position at face amount or at nominal amount, which approximates its amortized cost using the effective interest method. Cash in banks and temporary cash investments earn interest at the respective bank deposit rates.

20.7 Other assets

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

Other current assets mainly pertain to input value-added tax (VAT). Input VAT represent taxes imposed on the Company for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than 12 months after the reporting date, in which these are classified as non-current assets.

20.8 Investment in a subsidiary

Subsidiary is an entity over which the Company has control. The Company controls an entity when the Company 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.

Investment in a subsidiary is accounted for at cost less any impairment in the separate financial statements. Dividend income from investment is recognized in profit or loss within other income when the right to receive payment is established.

The carrying amount of investment in subsidiary is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount (Note 16.11).

When the Company 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 Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

20.9 Investment property

Investment property is defined as a property, such as land or building, held for the purposes of earning rentals, for capital appreciation or both. This property is not held to be used in production or sale in the ordinary course of business. Investment property is initially measured at acquisition cost. An investment property acquired through an exchange transaction is measured at fair value of the asset acquired unless the fair value of such an asset cannot be measured, in which case, the investment property acquired is measured at the carrying amount of asset given up.

Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Expenditures incurred after the investment properties have been put into operation, such as repairs and maintenance costs, are normally charged against current operations in the period in which the costs are incurred.

Depreciation of an investment property (other than land) is computed using the straight-line method over the estimated useful life of the asset. Land is not depreciated.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

20.10 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. Cost also includes any asset retirement obligation and interest on borrowed funds used. When property and equipment are sold or retired, their costs and accumulated depreciation and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit or loss of such period.

The estimated useful lives of property and equipment are as follows:

	Number of Years
Office equipment and office improvement	3
Transportation equipment	3-5
Furniture and fixtures	3

The useful lives of each of the property and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets. The property and equipment's useful lives and depreciation and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year the item is derecognized.

20.11 Impairment of non-financial assets

Non-financial assets, mainly property and equipment and investment in a subsidiary, 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 cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses, if any, are recognized in profit or loss. Non-financial assets that have been impaired are reviewed for possible reversal of impairment at each reporting period.

20.12 Deposit for future stock subscription

Deposit for future stock subscription represents advance collection for stocks subscriptions. Deposit for future stock subscriptions is reported as a separate item in the equity section of the statement of financial position if and only if, all of the following elements are present as of end of the reporting period:

- The unissued authorized capital stock of the Company is insufficient to cover the amount of shares indicated in the contract;
- Board of Directors approval of the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- Stockholders approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

If any or all of the above elements are not present, the deposit for future stocks subscription is recognized as a liability in the statement of financial position. These are included in current liabilities, except when management expects to convert them to equity at least 12 months from the reporting date which are classified as non-current liabilities.

20.13 Trade and other payables

Trade and other payables are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established. These are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using effective interest method. Accounts payable and other liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are derecognized when the obligation under the liability is discharged, cancelled or expired.

20.14 Equity

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Retained earnings

Retained earnings pertains to the accumulated profit from operations of the Company which are available for dividend declaration.

Earnings per share

Basic earnings per share is computed by dividing net income over the weighted average number of issued and outstanding common shares during the year.

Diluted earnings per share is computed as if the potential common share or instrument that may entitle the holder to common share were exercised as of the beginning of the year.

Other equity reserves

Other equity reserves pertains to accumulated fair value changes in financial assets through other comprehensive income, net of any realized gains from sale of disposals of debt instruments.

20.15 Other income

Dividend income

Dividend income from a subsidiary is recognized when the right to receive dividend is established usually upon declaration by the BOD.

Interest income

Interest income on bank deposits, which is presented net of final withholding tax, is recognized on a time proportion basis using the effective interest rate method.

Rent income

Rent income is recognized on a straight-line basis over the lease term since performance obligation is satisfied over time during the period when the Company gives the lessee the right to use the leased property.

Other income

All other income is recognized when earned or when the right to receive payment is established.

20.16 Cost and expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. These are presented in the statement of total comprehensive income according to function of such costs and expenses.

20.17 Leases

The Company assesses whether the contracts are, or contain, a lease. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- i. the right to obtain substantially all of the economic benefits from use of the identified asset; and
- ii. the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a lessee

At the commencement date, the Company recognizes ROU asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU asset

At commencement date of the lease contract, the Company measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liabilities;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Company in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the lease term.

Lease liability

At the commencement date, the Company measures a lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of a lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

When a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

20.18 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises 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 entities which are under control with the reporting enterprise and its 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.

20.19 Income taxes

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

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

DIT is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, DIT 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. DIT 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 DIT asset is realized or the DIT liability is settled.

DIT 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. DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

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

Deferred income tax assets and liabilities are derecognized when the related temporary differences are realized/settled. No deferred income tax assets were recognized for temporary differences as management believes that it will not generate sufficient taxable profit to allow for the benefits of the deferred income tax assets to be utilized in the future. Management reassess at each reporting period unrecognized deferred tax assets.

20.20 Provisions

Provisions are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is more likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized from the statements of financial position.

20.21 Contingencies

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

20.22 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). These financial statements are prepared in Philippine Peso, which is the Company’s functional and presentation currency.

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 remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

20.23 Reclassification

The Company presents a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements if: (a) it applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and (b) the retrospective application, retrospective restatement or the reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period.

In the statement of financial position as at December 31, 2020, reclassified amounts of unutilized input VAT and CWTs from current to non-current amounting to P1,540,664. Impact of such reclassification is considered not material to the separate statement of financial position, hence a third balance sheet is not presented. Also, such reclassification did not impact the statement of total comprehensive income and statement of cash flows for the year ended December 31, 2020.

20.24 Subsequent events

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

Note 21 - Supplementary information required by the Bureau of Internal Revenue (BIR)

The following Revenue Regulations 15-2010 information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output value-added tax (VAT)

The amount of output VAT declared for the year ended December 31, 2021 amounted to P238,516 based on receipts amounting to P1,987,636.

The gross revenues on sale of services are based on gross receipts of the Company while gross revenues amounting to P47.3 million presented in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

Input VAT

Movements of input VAT for the year ended December 31, 2021 are as follows:

	Gross amount	Input VAT
Beginning of year		799,390
Add: Current year's domestic purchases/payments for:		
Goods other than for resale of manufacture	2,394,617	287,354
Services lodged under other accounts	4,610,442	553,253
Total available input VAT		1,639,997
Less: Applied against output VAT		238,516
		1,401,481

Importations

The Company did not have any purchases of imported goods subject to custom duties and tariff fees for the year ended December 31, 2021.

Excise tax

The Company is not engaged in the manufacture or production of certain specified goods or articles subject to excise tax for domestic sale or consumption or for any other disposition for the year ended December 31, 2021.

Documentary stamp tax

The Company has no transactions for the year ended December 31, 2021 requiring payment of documentary stamp tax.

All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2021 consist of:

	Amount
PSE annual listing	250,000
Business permit	25,601
Others	2,826
	<u>278,427</u>

Withholding taxes

Withholding taxes accrued and paid as at and for the year ended December 31, 2021 consists of:

	Paid	Accrued	Total
Expanded withholding tax	1,277,882	358,278	1,636,160

Tax assessments

The Company has not received any Final Assessment Notice from the BIR for the year ended December 31, 2021.

Tax cases

The Company does not have any outstanding tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside of the BIR as at and for the year ended December 31, 2021.

Philcomsat Holdings Corporation
(A subsidiary of Philippine Communications Satellite Corporation)
12th Floor, Telecom Plaza Building
316 Sen. Gil Puyat Ave., Makati City

Reconciliation of Retained Earnings Available for Dividend Declaration
For the year ended December 31, 2021
(All amounts in Philippine Peso)

Unappropriated retained earnings, available for dividend distribution, beginning of the year	473,311,174
Add: Net income actually earned/realized during the year	
Income based on the face of the audited financial statements	17,476,896
Less: Non-actual/unrealized income net of tax	
• Equity in net income of associate/joint venture	-
• Unrealized foreign exchange gain - (after tax) except those attributable to Cash and Cash Equivalents	(3,194,665)
• Unrealized actuarial gain	-
• Fair value adjustment (mark-to-market gains)	-
• Fair value adjustment of Investment Property resulting to gain	-
• Adjustment due to deviation from PFRS/GAAP- gain	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
Add: Non-actual losses	
• Depreciation on revaluation increment (after tax)	-
• Adjustment due to deviation from PFRS/GAAP - loss	-
• Loss on fair value adjustment of investment property (after tax)	-
Net income actually earned during the year	14,282,231
Add (Less):	
• Dividends declarations during the year	-
• Appropriation of retained earnings during the period	-
• Reversals of appropriations	-
• Effects of period adjustments	-
• Treasury shares	-
Unappropriated retained earnings, ending	487,593,405

SUSTAINABILITY REPORT

Contextual Information

Company Details	
Name of Organization	PHILCOMSAT HOLDINGS CORPORATION
Location of Headquarters	Makati City
Location of Operations	Makati City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Philcomsat Management Enterprises Inc., Professional Stock Transfer, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	Philcomsat Holdings Corporation (Money Market); Philcomsat Management Enterprises, Inc. (Management Consultancy); Professional Stock Transfer, Inc. (Stock Transfer Services)
Reporting Period	2021
Highest Ranking Person responsible for this report	Erlinda I. Bildner, Chairman, Philcomsat Management Enterprises, Inc., and CFO, Philcomsat Holdings Corporation.

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. ¹
<p>All topics were evaluated to determine whether they remained material or have become less/non-material based on the significance of the organization's economic, environmental, and social impacts, and the substantive influence of such topics on the assessments and decisions of the stakeholders. Topics that were determined as less or non-material remained since these were deemed essential to the organization's developing sustainability management system. All topics are periodically reevaluated to determine materiality and the degree of such materiality.</p>

¹ See [GRI 102-46](#) (2016) for more guidance.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	57,280,800	PhP
Direct economic value distributed:		
a. Operating costs	2,441,360	PhP
b. Employee wages and benefits	1,225,445	PhP
c. Payments to suppliers, other operating costs	34,285,957	PhP
d. Dividends given to stockholders and interest payments to loan providers	40,908	PhP
e. Taxes given to government	382,659	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Since the Corporation primarily relies on consultants and part-time workers for its operations rather than hiring full-time employees, expenses for employee wages and benefits account for only 5% of the revenues generated.</i>	<i>Employees</i>	<i>Management assesses on an annual basis the need to engage the services of full-time employees for its operations. Currently, management has determined that there is yet no need for such employees. Once the business reaches a certain level, it is expected that full-time employees will be engaged.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has identified the inadequacy of a succession plan as a risk associated with this topic because of its engagement of consultants and part-time workers rather than hiring full-time employees. Although such workers are able to perform the jobs that they were engaged for, they may not be compelled to remain with the Corporation considering the</i>	<i>Employees</i>	<i>Once the business reaches a certain level, it is expected that full-time employees will be engaged.</i>

<i>lack of security of tenure. Without tenured employees who are familiar with the work performed by such consultants and part-time workers, taking over such works by incoming workers in the event of incapacity may pose a challenge.</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has identified the automation of some business processes as an opportunity associated with this topic.</i>	<i>Employees</i>	<i>Automation of certain processes such as in stock transfer services where reports required by the client can be accessed digitally on a secured network is one of the jobs that Management is considering for automation to minimize man power requirements/hours.</i>

Climate-related risks and opportunities²

Governance	Strategy	Risk Management	Metrics and Targets
<i>Management of the day-to-day operations of the Corporation and PMEI is the responsibility of the CFO, Ms. Erlinda I. Bildner. While the management of the day-to-day operations of PSTI is the responsibility of Ms. Jeneline Serafica. The Board is apprised of the day-to-day operations at its next meeting.</i>	<i>During the monsoon season when flooding within Metro Manila area occurs, employees not affected are encouraged to come to work with hazard pay, while those that may be affected are either fetched by the Corporation's vehicles or permitted to work from home and are required to submit accomplishment reports.</i>	<i>The Corporation mainly relies on weather reports by the national weather agency.</i>	<i>Employees' work is divided into crucial or non-crucial depending on the time element. It is always the aim of the Corporation to provide crucial work for its clients. In case of sudden work stoppage, crucial work is prioritized over non-crucial, and cruciality is determined by the accomplishment report of each employee.</i>

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

² Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Materials are procured on an as needed basis, as such, locally-based suppliers are mainly relied upon based on availability, speed of delivery, and cost.</i>	<i>Suppliers</i>	<i>Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Procurement of materials on an as needed basis may not be the most cost-effective method. Further, procurement of materials based on availability means that the suppliers vary and thus, negatively impacts length/stability of relationship with the suppliers.</i>	<i>Suppliers</i>	<i>Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The opportunity identified from this topic is that there is no surplus of materials.</i>	<i>Suppliers</i>	<i>Management requires that materials used on a regular basis are ordered in advance which gives the procurement officer ample time to canvass and procure such materials at a lower cost. Management assesses which materials are needed on a regular basis.</i>

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%

Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation's anti-corruption policy is in the Code of Conduct of the Philcomsat Group of Companies and disseminated to all employees of the Corporation and its subsidiaries. In its money market and financial instruments operations, the Corporation is approached by several brokers and agents offering various financial instruments with varying terms and rates. These brokers and agents may attempt to influence Management's decision on whether to invest in a certain financial instrument by giving gifts of value, which fortunately, has not occurred.</i>	<i>Stockholders and Suppliers</i>	<i>All investments are decided upon by a committee and then approved by the Board. This eliminates any probable influence that a broker or agent may have on any member of Management. Moreover, the Board has a strict policy of compelling any of its members to disclose if they are in any way associated with an investment recommended to it, and if so, requiring them to recuse themselves from any discussions/decisions pertaining to such investment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The risk of corruption in this topic is the Corporation may not be able to maximize returns on its investments as in lieu of taking an advantage of an opportunity to invest in an instrument that yields higher returns, it may choose to go with preferred financial instruments as a result of the</i>	<i>Stockholders and Suppliers</i>	<i>By putting several layers of approvals before any investment is made, any probable influence that a broker or agent may have on any member of Management is lessened if not totally eliminated. Moreover, the Board has a strict policy of compelling any of its members to disclose if they are in any way associated with an investment recommended to it, and if so, requiring</i>

<i>influence of the latter's brokers or agents.</i>		<i>them to recuse themselves from any discussions/decisions pertaining to such investment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The Corporation is able to spread its investments with money market placements and financial instruments in various institutions and therefore lessen the risk of loss.</i>	<i>Stockholders and Suppliers</i>	<i>Management requires strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.</i>

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>There has been no incident of corruption involving directors, employees, or business partners as everyone in the Corporation is fully aware of the policy against corruption.</i>	<i>Directors, Employees and Business Partners.</i>	<i>Management insists on strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The risk of corruption in this topic is the Corporation may not be able to maximize returns on its</i>	<i>Directors, Employees and Business Partners.</i>	<i>Management insists on strict adherence to the policies described above as well as respect for the different levels of approval</i>

<p><i>investments as in lieu of taking an advantage of an opportunity to invest in an instrument that yields higher returns, it may choose to go with preferred financial instruments as a result of the influence of the latter's brokers or agents.</i></p>		<p><i>required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.</i></p>
<p>What are the Opportunity/ies Identified?</p>	<p>Which stakeholders are affected?</p>	<p>Management Approach</p>
<p><i>The Corporation is able to spread its investments with money market placements and financial instruments in various institutions and therefore lessen the risk of loss.</i></p>	<p><i>Directors, Employees and Business Partners.</i></p>	<p><i>Management insists on strict adherence to the policies described above as well as respect for the different levels of approval required before any investment is placed. In this way the Corporation can diversify its portfolio and avoid the risk of financial loss because of poorly placed investments.</i></p>

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	44,557	l
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	28,860	kWh

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Electricity and gasoline are the main sources of energy consumed by the Corporation and its subsidiaries. The building which houses the Corporation and its subsidiaries have centralized air-conditioning which makes up more than half of its electricity consumption. The building administrator then divides the total electricity bill depending on the area occupied by each occupant and charges them accordingly. Insofar as gasoline is concerned, as the Corporation and its subsidiaries are involved in the sale of services, the majority of the gasoline consumption and expense is due to attendance in meetings with potential clients and suppliers.</i></p>	<p><i>Community, Directors, Employees, Clients, and Suppliers.</i></p>	<p><i>Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct meetings via teleconferencing to lessen gasoline consumption and expense.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p><i>Insofar as electricity is concerned, the Corporation and its subsidiaries are unable to install their own air conditioning system which could have provided a solution to lowering electricity consumption. Insofar as gasoline is concerned,</i></p>	<p><i>Community, Directors, Employees, Clients, and Suppliers.</i></p>	<p><i>Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct</i></p>

<i>lessening the number of leads may result in lost opportunities.</i>		<i>meetings via teleconferencing to lessen gasoline consumption and expense.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The opportunity presented by this impact is that the Corporation and its subsidiaries may try to utilize other means of communicating with potential clients and suppliers, rather than face-to-face meetings. With the ongoing pandemic, more meetings have been conducted using various teleconferencing applications such as zoom.</i>	<i>Community, Directors, Employees, Clients, and Suppliers.</i>	<i>Since Management is unable to change the system of centralized air conditioning in the building, it tries to reduce electricity consumption by discouraging overtime work and using only half the number of lights between 5pm to 8am. Management also tries to arrange meetings in the office or conduct meetings via teleconferencing to lessen gasoline consumption and expense.</i>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	94	Cubic meters
Water recycled and reused	0	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The primary reason for water consumption is toilet usage.</i>	<i>Employees</i>	<i>Management has installed equipment to lessen the number of flushes in the toilets in an effort to reduce water consumption. Regular inspection and maintenance of water pipes are also conducted to ensure that there are no leaks that may contribute to unnecessary water consumption/wastage.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>None</i>
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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any impact associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>None</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>None</i>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
Habitats protected or restored	None	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	None	

³ International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries only operate from Makati City which is not a protected area or an area with high biodiversity value.</i>	None	<i>Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	None	<i>Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	None	<i>Since the Corporation and its subsidiaries do not operate in a protected area or an area with high biodiversity value, there are currently no policies in place associated with this topic. However, if the Corporation moves its operations to/or acquires a subsidiary that operates in such an area, management will ensure that policies and programs are established and implemented for the protection of the environment.</i>

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The operations of the Corporation and its subsidiaries do not involve any emission of substances into the air.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>

Air pollutants

Disclosure	Quantity	Units
NO _x	0	kg
SO _x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg

Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air.</i>	<i>None</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i>	<i>Nine</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The business operations of the Corporation and its subsidiaries do not require it to emit substances into the air, thus Management has not identified any risk associated with this topic.</i>		<i>In the event that the Corporation or its subsidiaries become engaged in activities that involve emission of substances into the air, Management shall establish policies and implement programs for the protection of the environment.</i>

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		kg
Reusable	0	kg
Recyclable	100	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
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organization's involvement in the impact?		
<i>Paper is the only solid waste generated by the operations of the Corporation and its subsidiaries.</i>	<i>Community</i>	<i>Except for final reports, Management requires that paper be used on both the front and back pages to eliminate waste. Paper is then segregated from other wastes to facilitate easier recycling.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>Community</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that produce solid and hazardous waste, Management shall establish policies and implement programs for the proper disposal thereof.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>Community</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that produce solid and hazardous waste, Management shall establish policies and implement programs for the proper disposal thereof.</i>

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste.</i>	<i>None</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.</i>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any risk/s associated with this topic.</i>	<i>None</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries are not engaged in activities or provide services that result in the production of any hazardous waste; thus, Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that produce hazardous waste, or acquires a subsidiary that offers products or services that may pose a health and safety risk, Management shall establish policies and implement programs for the proper disposal of hazardous waste.</i>

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	60	Cubic meters
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The building which houses the Corporation and its subsidiaries are shared with other organizations, thus, it would require the collective effort of all the building's occupants to purchase and install equipment to recycle wastewater.</i>	<i>Other building occupants.</i>	<i>Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>The sole risk is the cost of equipment for recycling wastewater.</i>	<i>Other building occupants.</i>	<i>Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>The only probable usage for recycled wastewater at the moment is the watering of plants within the building.</i>	<i>Other building occupants.</i>	<i>Management encourages its employees to recycle water however small by using the excess to water plants since no collective effort has yet been made by the other occupants of the building that houses the Corporation and its subsidiaries to install equipment that will enable recycling of wastewater.</i>

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>The Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment, thus, there has been no environmental law and/or regulation that could be violated.</i>	<i>None</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<i>Management has not identified any risk/s associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic since the Corporation and its subsidiaries are not engaged in any activities or offer services that may affect the environment and thus, there has been no environmental law and/or regulation that could be violated.</i>	None	<i>In the event that the Corporation or its subsidiaries become engaged in activities that will have an impact on the environment, Management shall establish policies and implement programs that will comply with all laws, rules and regulations promulgated for the protection of the environment.</i>

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	19	
a. Number of female employees	11	#
b. Number of male employees	8	#
Attrition rate ⁵	0	rate
Ratio of lowest paid employee against minimum wage	1:3:1	ratio

⁴ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁵ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	60	100
PhilHealth	Y	60	100
Pag-ibig	Y	60	100
Parental leaves	Y	60	100
Vacation leaves	Y	60	100
Sick leaves	Y	60	100
Medical benefits (aside from PhilHealth))	Y	80	100
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	N	0	0
Further education support	N	0	0
Company stock options	N	0	0
Telecommuting	N	0	0
Flexible-working Hours	N	0	0
(Others)	N	0	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Unfortunately, additional benefits to employees are intricately tied with the number of clients that the Corporation and its subsidiaries can engage. However, with tight competition, it proves challenging to get more clients.</i>	<i>Currently, only the onboarding of new clients is incentivized through commissions and referral fees given to the employees. In the event that the revenue stream of the Corporation and its subsidiaries improve, additional benefits may be granted to the employees in addition to those mandated by law.</i>
What are the Risk/s Identified?	Management Approach
<i>High cost of attrition poses a risk due to lack of additional benefits.</i>	<i>Only the onboarding of new clients is incentivized through commissions and referral fees.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/s associated with this topic.</i>	<i>None</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	32	hours
Average training hours provided to employees		

a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Since there have been no law or regulation issued by the relevant agencies that would affect the operations of the Corporation or its subsidiaries, no seminars or training was provided to the employees.</i>	<i>Directors, officers, and employees are expected and required to apprise themselves of all laws, rules, and regulations affecting their work. Management sponsors seminars or training for its directors, officers, and employees if it deems that such will enhance their ability to perform their duties.</i>
What are the Risk/s Identified?	Management Approach
<i>Each individual engaged by the Corporation performs a unique function in the organization, thus, such individuals may not be able to afford to be absent from work to attend such seminars or training. Another risk is that an employee cannot engage in self-improvement as seminars or training should only be limited to their actual work.</i>	<i>Management expects that the directors, officers, and employees who attend seminars or training ensure that the schedule thereof will not hamper the performance of their duties. Management tries to be understanding of such a schedule for so long as the tasks for the day are not crucial to the Corporation's operations.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/s associated with this topic.</i>	<i>None</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Policies affecting the employees are established by Management without prior consultation with employees. Employees affected by such policies are apprised before these policies are implemented.</i>	<i>Universal policies established by Management and the HR manager are disseminated to all affected employees. Immediate compliance is expected and employees' concerns or grievances regarding said policies must be raised with the HR manager.</i>
What are the Risk/s Identified?	Management Approach

<i>Individual needs and concerns of employees may not be addressed resulting in disappointment, frustration and consequently attrition.</i>	<i>Management and the HR manager tries to take into consideration the specific circumstances of each employee affected.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity associated with this topic.</i>	<i>None</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	60	%
% of male workers in the workforce	40	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Management has not identified any impact associated with this topic.</i>	<i>None</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>None</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>None</i>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	8	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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<i>Management has not identified any impact associated with this topic.</i>	None
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	None
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	None

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Considering the small number of employees employed by the Corporation and its subsidiaries, there is no need to formalize a policy that disallows violations of labor laws such as forced, child labor, and human rights.</i>	<i>The HR manager for the Philcomsat Group of Companies is well versed in labor laws and protection of human rights and who is known to all employees, thus any incident that violates labor laws and human rights can easily be addressed.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	None
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	None

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

No

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Main suppliers of the Corporation and its subsidiaries only include utility providers, professional staffing, and office supplies retailers. None of the foregoing require a background check on their environmental performance nor polices on forced labor, child labor, human rights, bribery and corruption.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with doing business with the main suppliers of the Corporation and its subsidiaries which consist only of utility providers, professional staffing, and office supplies retailers.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities whose operations affect the environment, or is labor-intensive, or involves human rights, or is prone to bribery and corruption, Management shall establish policies and implement programs that will consider such factors in accrediting suppliers.</i>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
None	None	None	N	None	None

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: None

Certificates	Quantity	Units
FPIC process is still undergoing	0	#
CP secured	0	#

What are the Risk/s Identified?	Management Approach
<i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The operations of the Corporation and its subsidiaries do not affect IPs; thus, Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation and its subsidiaries become engaged in activities that offer products or services that affect IPs, Management shall establish policies and implement programs for the protection of IPs.</i>

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	100	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>For its stock transfer services, customer satisfaction as to accuracy of the reports, the processing time for transfers, and the reliability of data is of paramount importance. Thus, PSTI has to ensure that the service always meets its clients' expectations.</i>	<i>Management ensures that all data is accurate and complete, and the work performed by its staff is satisfactory before releasing any report or information to the clients. Any concern of a client has to be resolved in a reasonable amount of time.</i>
What are the Risk/s Identified?	Management Approach
<i>In order to meet client's demands and regulatory deadlines, the client at times may not give PSTI sufficient time to properly review and check its generated reports.</i>	<i>Management regularly meets with the client to request for feedback and an assessment of its performance so that any shortcomings can be addressed immediately.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Constant need to keep PSTI updated regarding software for data entry and network security is the opportunity associated with this topic identified by Management.</i>	<i>Automation of much of its processes is one of the approaches that Management intends to pursue in order to reduce man-power hours/requirements and ensure consistent/uniform quality of services provided to its clients.</i>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The services rendered by the Corporation and its subsidiaries do not compromise the health and safety of its clients.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and</i>

	<i>implement programs to protect the health and safety of its clients.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in or provide services that may pose a health and safety risk, Management shall establish policies and implement programs to protect the health and safety of its clients.</i>

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Corporation and its subsidiaries are not engaged in activities that require it to market and label products.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>
What are the Risk/s Identified?	Management Approach
<i>Management has not identified any risk/s associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>

What are the Opportunity/ies Identified?	Management Approach
<i>Management has not identified any opportunity/ies associated with this topic.</i>	<i>In the event that the Corporation or its subsidiaries become engaged in activities that require marketing or labelling of products, Management shall establish policies and implement programs for protection of the consumer.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>	<i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>
What are the Risk/s Identified?	Management Approach
<i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures that may be committed by rogue employees or individuals external to the Corporation or its subsidiaries.</i>	<i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>	<i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>The Corporation's subsidiary, Professional Stock and Transfer, Inc. (PSTI), collects information from its clients such as names, addresses, contact details, and shareholdings.</i>	<i>PSTI obtains the consent of each client before their personal information is collected and is transparent in how the data is used and secured. The use of customer data is limited to the purpose agreed upon with the client and/or in compliance with the regulatory requirements of the clients of PSTI.</i>
What are the Risk/s Identified?	Management Approach
<i>The risks identified with this topic are the unauthorized disclosure of the clients' personal information, unauthorized use of such data, and/or breach of data security measures by individuals or rogue employees.</i>	<i>Management requires that personal information of clients is only stored on its secure network. Management ensures that applicants for employment at PSTI are properly screened. PSTI's employees are apprised/oriented with the applicable data protection laws, rules, and regulations and are mandated to ensure compliance therewith.</i>
What are the Opportunity/ies Identified?	Management Approach
<i>The only opportunity identified by PSTI in regards to this topic is that it continually educates itself on and invests in network security.</i>	<i>Management's approach is to prevent any incident of data breach or violation of its data protection measures since the loss of confidence that may be brought about by such a breach would be irreparable.</i>

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Stock transfer services	Goal No. 8 - Decent Work and Economic Growth	Unlikely to provide more employment unless the client base increases.	Aggressive marketing of its services to other PLCs and registered companies is required to be able to achieve its UN SDG.
Money Market Operations	Goal No. 8 - Decent Work and Economic Growth	Unlikely to provide more employment due to the nature of business.	Investment in subsidiaries that are labor intensive is required to be able to achieve its UN SDG.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*