3	1	1	6	8

SEC Registration Number

A BROWN COMPANY, INC.

(Company's Full Name)

XAVIER ESTATES UPTOWN
AIRPORT ROAD BALULANG
CAGAYAN DE ORO CITY

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

Allan Ace R. Magdaluyo
Contact Person

02-8631 8890
Company Telephone Number

12 31
Month Day
Fiscal Year

20-IS
FORM TYPE

06
Month Day
Annual Meeting

Definitive Information Statement

Secondary License Type, if applicable

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2,088 Common and 3 Preferred (April 30, 2022)	₱1,495,916,019 (December 31, 2021)	- 0 -
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

NOTICE is hereby given that there will be an annual meeting of the stockholders of **A BROWN COMPANY, INC.** on June 30, 2022 (Thursday)**,** at 1:00 p.m. The meeting will be conducted virtually via remote communication and can be accessed at the link provided in the Company's website at https://www.abrown.ph/asmvirtual2022/.

Items in the agenda of the meeting are as follows:

AGENDA

1. Call to Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Annual Stockholders' Meeting
5. Approval of 2021 Operations and Results
6. Ratification of All Acts of the Board of Directors and Officers
7. Retention of Independent Directors
8. Election of Directors
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

The close of business on **May 20, 2022** has been fixed as the record date for the determination of the stockholders entitled to notice of and vote at said meeting and any adjournment thereof.

Due to the COVID-19 Pandemic resulting in the imposition by the government of regulations limiting mobility and mass gatherings, the Company will not be conducting a physical annual stockholders' meeting. In lieu thereof, the annual stockholders' meeting will be held virtually through an online webinar platform for stockholders to attend by remote communication. They can join by registering online at https://www.abrown.ph/asmregister2022/ on or before 5:00 p.m. on June 20, 2022. The identities of those registering to participate online will be going through a process of verification, after which an email from the Company will be sent to them giving instructions as to how they will be able to watch the livestream of the annual stockholders' meeting. Please see attached *Guidelines for Participating by Remote Communication and Voting in Absentia*.

The stockholders are likewise encouraged to participate in the meeting by either of the following:

(i) by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by emailing corporatesecretary@abrown.ph on or before 5:00 p.m. on June 20, 2022.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

(ii) by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at https://www.abrown.ph/asmevoting2022/. The e-voting portal will be open until 12:00 noon of June 30, 2022.

Validation of proxies is set on June 21, 2022 at 2:00 p.m. The votes already cast using the e-voting platform by that time will also be verified on said date.

For details and rationale of each agenda item, and the draft resolutions, if applicable, please refer to the attached sheet.

City of Pasig, Metro Manila, June 1, 2022.

JASON C. NALUPTA
Corporate Secretary

DETAILS AND RATIONALE OF THE AGENDA

1.) Agenda Item No. 4 - Approval of the Minutes of the Previous Meeting of Stockholders

Copies of the minutes of the stockholders meeting held on June 24, 2021 will be distributed to the stockholders upon their registration for this meeting. The minutes are also available at the Company website, https://abrown.ph/kooroast/2021/07/ABCI_ASM-2021.pdf

The stockholders will be requested to approve the draft minutes of previous stockholders' meeting and to acknowledge the completeness and accuracy thereof.

2.) Agenda Item No. 5 - President's Report and Presentation of Audited Financial Statements

A report on the highlights of the financial performance of the Corporation for the year ended December 31, 2021 will be presented to the Stockholders. A summary of the Corporation's performance for the year is also provided in the "Management Discussion and Analysis of Operating Performance and Financial Condition" section on page 31 hereof.

The Corporation's Audited Financial Statements, for which the external auditors have issued an unqualified opinion, have likewise been reviewed by the Audit Committee and the Board of Directors. A summary of the 2021 AFS shall also be presented to the Stockholders.

3.) Agenda Item No. 6 - Ratification of all Acts of the Board of Directors and Officers

The Chairman will request the stockholders to ratify all acts and resolutions adopted during the preceding year by the Board of Directors, the Board Committees, Management Committee and the officers of the Company.

The acts and resolutions of the Board and its Committees are reflected in the minutes of meetings and they include approval of contracts and agreements, projects and investments, treasury matters and acts and resolutions covered by disclosures to the SEC and PSE. The acts of the Management and officers were those taken to implement the resolutions of the Board or its Committees or taken in the general conduct of business.

4.) Agenda Item No. 7 – Retention of Independent Directors

The Code of Corporate Governance for Listed Companies requires that independent directors should serve for a maximum cumulative term of nine (9) years, after which, the independent director will be perpetually barred from reelection as such in the same company. However, a company may seek the approval of the shareholders should it wish to retain an independent director to serve beyond 9 years, provided, that meritorious justification(s) is/are given therefor.

By the end of their current terms, Engr. Elpidio M. Paras and Mr. Thomas G. Aquino would have served the Company as Independent Directors for more than 9 years. However, for the justifications provided in page 18 of this Information Statement, the Board of Directors has agreed to seek the approval of the shareholders that Engr. Paras and Mr. Aquino be allowed to continue serving as Independent Directors beyond the maximum period allowed.

5.) Agenda Item No. 8 - Election of Directors

The current members of the Board of Directors, as reviewed, qualified and recommended by the Corporate Governance Committee, have been nominated for re-election.

The proven expertise and qualifications of the candidates, based on current regulatory standards and the Corporation's own criteria, will help sustain the Company's solid performance that will result to its stockholders' benefit. The profiles of the candidates for election as directors are available in the

Company website, as well as in this Information Statement. If elected, they shall serve as Directors for a period of one (1) year from June 30, 2022 or until their successors shall have been duly elected and qualified.

6.) Agenda Item No. 9 - Appointment of External Auditor

The stockholders' approval for the re-appointment of Sycip Gorres & Velayo (SGV & Co.), the Company's external auditor, will be sought at the meeting.

The Audit Committee has recommended to the Board, and the Board is endorsing to the stockholders, the re-appointment of SGV & Co. as external auditor for the ensuing year. The profile of the external auditor is provided in the Information Statement.

Stockholders are given the opportunity to raise questions regarding the operations and report of the Corporation as well as other concerns, by emailing corporatesecretary@abrown.ph (Subject: Questions for ASM 2022) on or before 12:00 noon on June 30, 2022. Questions will be responded to during the question and answer portion of the annual stockholders' meeting before the end of the proceedings. Due to the limited time, however, not all questions may be responded to during the livestream of the annual stockholders' meeting. Questions not addressed at the meeting proper, including those that may be received after the livestream, will be responded to via email by the corporate officers concerned.

PROXY FORM

The undersigned stockholder of A Brown Company, Inc. (the “Company”) hereby appoints the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on June 30, 2022 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of minutes of previous Annual Stockholders' Meeting.
____Yes ____No ____Abstain

2. Approval of 2020 Operations and Results
____Yes ___ No ____Abstain

3. Ratification of all acts and resolutions of the Board of Directors and Management from date of last Stockholders' Meeting to June 30, 2022.
____Yes ____ No ___Abstain

4. Retention of Independent Directors Beyond the Nine (9) Years Maximum Term Allowed by Code of Corporate Governance

___ Yes ____No ___Abstain

5. Election of Directors.
____ 1.1. Vote for all nominees listed below:
1.1.1. Walter W. Brown
1.1.2. Annabelle P. Brown
1.1.3. Robertino E. Pizarro
1.1.4. Antonio S. Soriano
1.1.5. Joselito H. Sibayan
1.1.6. Renato N. Migrino
1.1.7. Jun Hou
1.1.8. Thomas G. Aquino (Independent Director)
1.1.9. Elpidio M. Paras (Independent Director)

____ 1.2. Withhold authority for all nominees listed above
____ 1.3. Withhold authority to vote for the nominees listed below:
________________ ________________
________________ ________________

6. Appointment of SyCip Gorres Velayo & Co. as external auditor.
___ Yes ___ No ___ Abstain

7. At their discretion, the proxy named above are authorized to vote upon such other matters as may be properly come before the meeting.
____Yes ____No ___Abstain

____
Printed Name of Stockholder

____
Signature of Stockholder /
Authorized Signatory

____
Date

THIS PROXY FORM SHOULD BE RECEIVED BY THE CORPORATE SECRETARY (IN HARDCOPY TO THE OFFICE OF THE CORPORATE SECRETARY AT 2704 EAST TOWER, PHILIPPINE STOCK EXCHANGE CENTRE, ORTIGAS CENTER PASIG CITY OR EMAILED TO CORPORATESECRETARY@ABROWN.PH ON OR BEFORE JUNE 20, 2022.

WE ARE NOT SOLICITING PROXIES.

SECRETARY'S CERTIFICATE

I, ____________________, Filipino, of legal age and with office address at ____________________________, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of ___________________________ (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at _________________________;

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on ______________________, the following resolution was passed and approved:

> "RESOLVED, that ____________________ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the "Proxy") to attend all meetings of the stockholders of A BROWN COMPANY, INC. (A Brown), whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in A Brown and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.
>
> "RESOLVED, FINALLY, That A Brown be furnished with a certified copy of this resolution and A Brown may rely on the continuing validity of this resolution until receipt of written notice of its revocation."

3. The foregoing resolution has not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in on _________________________.

____
Printed Name and Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on __________________ in __________________. Affiant exhibited to me his Competent Evidence of Identity by way of ________ issued on _______________ at ________________.

Doc. No. ______;
Page No. ______;
Book No. ______;
Series of 2022.

A BROWN COMPANY, INC.
2022 ANNUAL STOCKHOLDERS' MEETING

Guidelines for Participating via Remote Communication and Voting *in Absentia*

The 2022 Annual Stockholders' Meeting (**ASM**) of A Brown Company, Inc. (the "**Company"**) will be held on June 30, 2022 at 1:00 P.M. and the Board of Directors of the Corporation has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on **May 20, 2022** ("**Record Date"**) as the record date for the determination of stockholders entitled to notice of, to attend, and to vote at such meeting and any adjournment thereof.

In view of the continuing mobility restrictions and prohibition on mass gatherings due to the public health emergency, the Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia* or by proxy.

REGISTRATION

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until June 20, 2022, 5:00 p.m. via abrown.ph/asmregister2022 and by submitting the following requirements and documents, subject to verification and validation:

1. Individual Stockholders
   1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder (up to 2MB)
   1.2. Stock certificate number
   1.3. Active e-mail address/es
   1.4. Active contact number/s, with area and country codes

2. Multiple Stockholders or with joint accounts
   2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders (up to 2MB)
   2.2. Stock certificate number/s
   2.3. Active e-mail addresses of the stockholders
   2.4. Active contact numbers, with area and country codes
   2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

3. Corporate Stockholders
   3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
   3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
   3.3. Active e-mail address/es of the authorized representative
   3.4. Active contact number of an authorized representative, with area and country codes

4. PCD Participants/Brokers
   4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker

4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker

4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)

4.4. Active e-mail address/es of the authorized representative

4.5. Active contact number of the authorized representative, with area and country codes

Important Reminders:

- **Please refrain from sending duplicate and inconsistent information/documents as these can result in failed registration. All documents/information shall be subject to verification and validation by the Company.**
- **Please be informed that by providing us with the above documents, you consent to the Company's processing of your personal data in accordance with the Data Privacy Act for the purpose of validating your credentials and registration to participate and vote at the Company's annual stockholders' meeting.**

ONLINE VOTING

1. Log-in to the voting portal by clicking the link, and using the log-in credentials, sent to the email address of the shareholder to the Company.

2. Upon accessing the portal, the stockholder can vote on each agenda item. A brief description of each item for stockholders' approval are appended to the Notice of Meeting.

   2.1 A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

   2.2 For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

   Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (9 directors) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

3. Once the stockholder has finalized his vote, he can proceed to submit his vote by clicking the "Submit" button.

4. The stockholder can still change and re-submit votes, provided, such new votes are submitted within the Voting Period using the same log-in credentials. Previous votes will be automatically overridden and replaced by the system with the new votes cast.

ASM LIVESTREAM

The ASM will be broadcasted live and stockholders who have successfully registered will be provided access to participate via remote communication. Instructions on how to access the livestream will be sent to their emails upon registration.

OPEN FORUM

During the virtual meeting, after all items in the agenda have been discussed, the Company will have the Question and Answer Portion, during which, the meeting's moderator will read and where representatives of the Company shall answer questions and comments received from stockholders, as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "Questions for ASM 2022" to corporatesecretary@abrown.ph on or before 12:00 noon on June 30, 2022. A section for stockholder comments/questions or a "chatbox" shall also be provided in the livestreaming platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company via email.

For any concerns, please email us at corporatesecretary@abrown.ph***.***

For complete information on the annual meeting, please visit https://www.abrown.ph/asmvirtual2022/.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
of the Securities Regulation Code

1. Check the appropriate box:
   ( ) Preliminary Information Statement
   (✔) Definitive Information Statement

2. Name of the Registrant as specified in its charter:
   A BROWN COMPANY, INC. (ABCI)

3. Province, country or other jurisdiction of incorporation or organization:
   Metro Manila, Philippines

4. SEC Identification Number**: 31168**

5. BIR Tax Identification Code: **002-724-446-000**

6. Address of Principal Office : **Xavier Estates Uptown**
   Airport Road, Balulang, Cagayan de Oro City
   Postal Code : **9000**

7. Registrant's telephone number, including area code:
   (63)(02) 8631-8890 or (63)(02) 8633-3135 (Liaison Office)

8. Date, time and place of the meeting of security holders:
   Date : 30 June 2022
   Time : 1 o'clock p.m.
   Place : Videoconferencing via [Zoom Webinar]

   The Corporation's President will be presiding over the shareholders' meeting by remote communication from the Corporation's principal office in Cagayan de Oro City.

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **08 June 2022**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA

Titles of each Class	*Number of Shares of Stock Outstanding*
Common Shares as of April 30, 2022	**2,372,367,911**
Preferred Shares as of April 30, 2022	13**,264,900**
Amount of Debt Outstanding as of December 31, 2021	**₱2,651,919,090*** **total liabilities*

11. Are any or all of the registrant's securities listed on the Philippine Stock Exchange?
    (✔) Yes   ( ) No

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

INFORMATION REQUIRED IN INFORMATION STATEMENT
GENERAL INFORMATION

Date, Time and Place Meeting of security holders.

Date	:	**June 30, 2022**
Time	:	**1 o'clock p.m.**
Place	:	**Videoconferencing via Zoom Webinar**

The Corporation's President will be presiding over the shareholders' meeting by remote communication from the Corporation's principal office in Cagayan de Oro City.

Registrant's mailing address : **194 Tomas Morato Avenue**
Sacred Heart, Quezon City
(Liaison Office)

Approximate date on which the Information Statement is first sent or given to security holders:
08 June 2022

Dissenter's Right of Appraisal

There is no matter or item to be submitted to a vote or acted upon in the annual stockholders' meeting of ABCI falls under the instances provided by law when dissenting stockholders can exercise their appraisal right. Generally, however, the stockholders of ABCI have the right of appraisal in the following instances: (i) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares of authorizing preferences over the outstanding shares or of extending or shortening the term of corporate existence; (ii) in case any sale, lease, mortgage, pledge or other disposition of all or substantially all of the corporate property or assets as provided in the Revised Corporation Code; and (iii) in case of merger or consolidation.

The appraisal right may be exercised by any shareholder who shall have voted against the proposed corporate action by making a written demand on ABCI within thirty (30) days after the date on which the vote was taken for payment of the fair market value of his share: *Provided*, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or effected, ABCI shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and ABCI cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by ABCI within thirty (30) days after such award is made: *Provided*, that no payment shall be made to any dissenting stockholder unless ABCI has unrestricted retained earnings in its book to cover such payment; *Provided, further*, That upon payment by ABCI of the agreed or awarded price, the stockholder shall forthwith transfer his shares to ABCI.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No current director or officer of ABCI, or nominee for election as director of ABCI or any associate thereof, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election to office.

No director has informed ABCI in writing that he intends to oppose any action to be taken by the registrant at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Class of Voting Securities — Common shares

Number of Shares Outstanding as of 30 April 2022 — 2,372,367,911

Common shares are the only equity securities registered and issued by the Company. As of April 30, 2022, 19,134,278 shares or 0.8065% of the total outstanding shares are owned by Non-Filipinos.

(b) Record Date: All stockholders of record as of 20 May 2022 are entitled to notice and to vote at the Annual Stockholders' Meeting.

At present, ABCI's Articles of Incorporation (AOI) provide that the Board of Directors shall have nine (9) members.

(c) Manner of Voting: In the forthcoming annual stockholders' meeting, stockholders shall be entitled to elect nine (9) members to the Board of Directors. Each stockholder may vote such number of shares for as many as nine (9) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by nine (9) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by nine (9).

(d) Security ownership of Certain Record and Beneficial Owners

1. Owners of more than 5% of any class of registrant's voting securities as of April 30, 2022.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent to Total Outstanding Capital Stock
Common	**PCD Nominee Corporation (Filipino) ** (adjusted),** 29th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226		Various individuals/ Entities	Filipino	661,171,898	27.8697%
Common	**PCD Nominee Corporation (Non-Filipino),** 29th Floor, BDO Equitable Tower, 8751 Paseo De Roxas, Makati City 1226		Various individuals/ Entities	Alien	19,134,278	0.8065%
Common	**Walter W. Brown,** No. 10, Giraffe St., Greenmeadows, Quezon City	Chairman	Direct and Indirect	Filipino	501,727,372	21.1488%
Common	**Annabelle P. Brown** No. 10, Giraffe St., Greenmeadows, QC,	Director	Direct and Indirect	Filipino	205,444,488	8.6599%
Common	**Brownfield Holdings, Inc.**,	Stockholder	Direct	Filipino	842,754,901	35.5238%

	3301-C PSE Tektite West Tower, Exchange Road, Ortigas Center, Pasig City					
	TOTAL				**2,230,232,937**	**94.0087%**
	** PCD Nominee Corporation has a total shares of 1,977,491,120 or 83.3552% (Filipino - 1,958,356,842 or 82.7656% and Non-Filipino - 19,134,278 or 0.8065%) of the outstanding capital stock including clients - beneficial owners owning 5% or more as enumerated below: ** The following are the PCD participants with shareholdings of 5% or more of the outstanding capital stock:					
	COL Financial Group, Inc. *2401-B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City*				889,662,782	37.50%
	Campos, Lanuza & Company, Inc. *Unit 2003B East Tower, PSE Centre, Exchange Road, Ortigas Center, Pasig City*				354,589,019	14.95%
	F. Yap Securities, Inc. *17F, Lepanto Building, 8747 Paseo de Roxas, Makati City*				194,166,974	8.18%
	Maybank ATR-Kim Eng Securities, Inc. *17F, Tower One & Exchange Plaza, Makati City*				145,919,107	6.15%
	Wealth Securities, Inc. *15F,PSE Tower, 5th Avenue cor 28th St., Bonifacio Global City, Taguig City*				134,299,426	5.66%
	*** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the OCS:*					
	Walter W. Brown (direct and indirect) *No. 10 Giraffe St., Greenmeadows, Quezon City*				323,294,169	13.63%
	Annabelle P. Brown (direct and indirect) *No. 10 Giraffe St., Greenmeadows, Quezon City*				131,135,874	5.53%
	Brownfield Holdings, Inc. *3301-C PSE Tektite West Tower,* *Exchange Road, Ortigas Center, Pasig City*				842,754,901	35.52%

- PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"), is the registered owner of the shares in the books of the Company's transfer agent in the Philippines. The beneficial owners of such shares are PCD's participants who hold shares on their behalf or in behalf of their clients. PCD is a private company organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transaction in the Phil.
- Brownfield Holdings Incorporated is represented by its authorized officer as approved by its Board of Directors to vote or direct the voting or disposition of its shares

2. Security Ownership of Management

Shares held by Directors and Executive Officers as of 30 April 2022.

Common Shares

Title of Class	**Name of Beneficial Owner**	**Citizenship**	**Number of Shares Owned**	**Nature of Ownership (r/b)**	**Percentage of Class**
Common	Walter W. Brown	Filipino	501,727,372	Direct and Indirect	21.1488%
Common	Annabelle P. Brown	Filipino	205,444,488	Direct and Indirect	8.6599%
Common	Robertino E. Pizarro	Filipino	3,105,143	Direct and Indirect	0.1309%
Common	Antonio S. Soriano	Filipino	911,581	r/b	0.0384%
Common	Elpidio M. Paras	Filipino	1,581	r/b	0.0001%
Common	Thomas G. Aquino	Filipino	3,500	r/b	0.0062%
Common	Joselito H. Sibayan	Filipino	146,400	r/b	0.0000%
Common	Renato N. Migriño	Filipino	120	r/b	0.0000%
Common	Jun Hou	Chinese	100	r/b	0.0000%

Common	Marie Antonette U. Quinito	Filipino	120	r/b	0.0000%
Common	John L. Batac	Filipino	-	-	-
Common	Paul Francis B. Juat	Filipino	5,703,410	r/b	0.2404%
Common	Jason C. Nalupta	Filipino	-	-	-
Common	Daniel Winston C. Tan-Chi	Filipino	6,947,600		0.2929%
Common	Allan Ace R. Magdaluyo	Filipino	-	-	-
	TOTAL		**723,991,415**		

"Series A" Preferred Shares

Title of Class	Name of Beneficial Owner	Citizenship	Number of Shares Owned	Nature of Ownership (r/b)	Percentage of Class
Common	Daniel Winston C. Tan-Chi	Filipino	30,000	Direct	0.2262%
	TOTAL		**30,000**		

(e) Changes in Control. There had been no change of control in the company that had occurred since the beginning of the last fiscal year. Furthermore, management is not aware of any arrangement which may result in a change in control of the company.

(f) Voting Trust Holder. No person holds 5% or more of the common stock of the company under a voting trust or similar agreement.

Directors and Executive Officers

Incumbent Directors and Executive Officers

The Company's Board of Directors is responsible for the overall management of the business and properties of the Company. The Board of Directors is composed of nine (9) members, each of whom serves for a term of one year until his/her successor is duly elected and qualified. None of the board members and officers is employed with the government as certified by the corporate secretary. Please see Annex C.

The following are the current members of the Board of Directors who have likewise been nominated for re-election to the Board for the ensuing year. The information on the business affiliations and experiences of the above-named directors, officers and new nominee/s, as shown below, are current and/or within the past five years:

WALTER W. BROWN, Director and Chairman

Walter W. Brown, Filipino, 82, is Director and Chairman of A Brown Company, Inc. Prior to his re-election in December 2018 as Chairman of the Company, he was conferred as Chairman Emeritus in September 2016. He is also the Chairman of A Brown Energy & Resources Development Inc., Palm Thermal Consolidated Holdings Corporation, PeakPower Energy Inc. and Monte Oro Resources and Energy, Inc. He is the Chairman Emeritus of Apex Mining Co., Inc., a company listed in the Philippine Stock Exchange.

He received two undergraduate degrees: B.S. Physical Science (1959) and B.S. Geology (1960), both from the University of the Philippines, and postgraduate degrees from Stanford University: M.S. Economic Geology (1963), and Ph.D. in Geology, Major in Geochemistry (1965). He was also a candidate in Master of Business Economics (1980) from the University of Asia & Pacific (formerly Center for Research & Communications).

He was formerly associated with the following companies as Chairman or as President or Director: Atok Big Wedge Co, Inc., Philex Mining Corporation, National Grid Corporation of the Philippines, Atlas Consolidated Mining Co., Philodrill Corporation, Petroenergy, Philippine Realty & Holdings Corporation, Dominion Asia Equities, Inc. (Belle Corp.), Palawan Oil & Gas Exploration (Vantage Equities), 7 Seas Oil Company, Inc. (Abacus), Universal Petroleum (Universal Rightfield), Sinophil Corporation, Asian Petroleum Corporation, Acoje

Mining Corporation, Semirara Coal Corporation, Surigao Consolidated Mining Inc. (Suricon), Vulcan Industrial and Mining Corporation, San Jose Oil, Seafront Petroleum, and Basic Petroleum. He was also Technical Director of Dragon Oil, a company listed on the London Stock Exchange.

He is currently Chairman and Director of Family Farm School (PPAI), Chairman and President of Studium Theologiae Foundation, and President of Philippine Mine Safety & Environment Association (PMSEA), and lifetime member of the Geological Society of the Philippines. He was a member of the Board of Trustees of Xavier University from 2003 to 2014, concurrently serving as Vice Chairman from 2006 to 2014.

ANNABELLE P. BROWN, Director

Ms. Annabelle P. Brown, Filipino, 79. Director of A Brown Company, Inc. from 1992 to present. She holds the position of: Treasurer since 1993 to July 2011, and Member of the Executive Committee and Corporate Governance Committee.

She is President and Director of PBJ Corporation; Chairman of the Board of Petwindra Media Inc.; Treasurer of Brown Resources Corporation; Treasurer/ Director of Bendana-Brown Holdings Corporation, Pine Mountain Properties Corporation. She is also a Director of the following corporations: North Kitanglad Agricultural Corp., Cogon Corporation, Shellac Petrol Corp and Palm Concepcion Power Corporation. She has no directorship in other listed companies.

Her civic involvement includes: Founding Chairperson of Alalay sa Pamilya at Bayan (APB) Foundation, Inc. (*2009 to present*), Development Advocacy for Women Volunteerism (DAWV) Foundation, Inc. (*1988 to present*), Professional and Cultural Development for Women (PCDW) Foundation, Inc. (*1979 to present*); Consultant/Moderator of EDUCHILD Foundation, Inc. *(1985 to present)* and Chair of the Rosevale School, CDO (*2011 to present*).

Mrs. Brown holds a Bachelor of Science in Business Administration degree from the University of the Philippines, Diliman, Quezon City and is a candidate for a degree in Masters in Business Economics at the University of Asia and Pacific (formerly CRC).

For her outstanding contribution to the academe, business and socio-community development, Mrs. Brown is a recipient of several awards and citation, latest are the 2010 Soroptimists Award and 2010 UPCBA Distinguished Alumna Award.

ROBERTINO E. PIZARRO, Director and President and Chief Executive Officer

Mr. Robertino E. Pizarro, Filipino, 67, was elected as President and Chief Executive Officer on December 7, 2018. Prior to his current position, he was an Executive Chairman beginning September 2016 until March 2017 when it was changed to Chairman. He was the President of the company from August 2003 to Sept. 2016. He finished the course on Strategic Business Economic Program at University of Asia and the Pacific (Aug 2002–Aug 2003). He was the former (2017 to 2018) and is the present President and Member of the Board of Directors of Cagayan de Oro Chamber of Commerce and Industry. He is also the President of ABERDI, Brown Resources Corporation, NAKEEN Corporation (February 26, 1997 to present), Xavier Sports and Country Club (1999 to present), Simple Homes Development, Inc., Bonsai Agricultural Corporation and Minpalm Agricultural Co., Inc. (2004 to present). He was the former President and now Director of Philippine Palmoil Development Council, Inc. (PPDCI).

As three-time elected President of Cagayan de Oro Chamber of Commerce and Industry Foundation (2017, 2018 and 2020), Mr. Pizarro presides over the 422-member chamber. He will espouse increased and satisfied membership; and calls for its members to take advantage of the Duterte administration's thrust to develop the countryside and to ramp up economic activities in the rural areas. These economic benefits mean development of the city and its neighboring areas, bringing in tourists, increasing the number of business meetings and conventions, and promoting a conducive business atmosphere. He is also an advocate of the Metro Cagayan de Oro.

Mr. Pizarro is in the forefront of introducing new concepts for urban planning, infrastructure and land management focusing on real estate development in Mindanao. Under his leadership, ABCI introduced Cagayan de Oro's first mixed-use, nature-themed, well-planned integrated residential subdivision, the Xavier Estates. ABCI also developed Northern Mindanao's first agri-residential subdivision in Bukidnon; first residential resort in Misamis Oriental; and the first residential estates in Caraga Region located beside a driving range and a golf course. The demand for ABCI real estate properties continue to be strong due to its idyllic views, high elevation and flood-free locations, well-developed infrastructure with wide main roads, centralized water system and tree-lined streets and landscaped roadways.

As Director and former President of the Philippine Palm Oil Development Council, Inc. (PPDCI), he espoused agriculture development and job creation in the countryside. New interests and investments in the oil palm industry were created during his term. During the 8th National Palm Oil Congress, which he chaired, the utilization of unproductive lands and promotion of economic stability through investments in the palm oil industry was highlighted.

He has no directorship in other publicly-listed companies.

ELPIDIO M. PARAS, Independent Director

Engr. Elpidio M. Paras, Filipino, 69, Independent Director, June 28, 2002 to present. He obtained his Bachelor of Science major in Mechanical Engineering from the De La Salle University (1974). He is the President and CEO of Parasat Cable TV, Inc. (1991 to present), UC-1 Corporation (2002 to present), President - Promote Northern Mindanao Foundation, Inc. (2019 to present), President – Cagayan de Oro Chamber (2007), Chairman of the Board of Trustees – Xavier University (2007 to 2016) and independent director of Southbank. He is a founding member of the Philippine Society for Orphan Disorders (PSOD). He was also a Board member of the Cagayan de Oro International Trade and Convention Center Foundation, Inc. (2005). He is also a member of PhilAAPA (Philippine Association of Amusement Parks& Attractions). He was also three-time Pres. and Chairman of the Philippine Cable TV Association and currently he is a Vice President for the Mindanao area. He is a member of the Tourism Congress of the Philippines.

He has no directorship in other publicly-listed companies.

THOMAS G. AQUINO, Independent Director

Dr. Thomas G. Aquino, Filipino, 73, Independent Director since March 12, 2012 to present. He has professional expertise in several fields namely business strategy, trade, investments and technology promotions, industrial policy and international trade negotiations.

He is Senior Fellow at the Center for Research and Communication of the University of Asia and the Pacific (UA&P). He specializes in economic policy related to reinvigorating manufacturing for regional and global competition. He is Chairman of NOW Corporation, and an Independent Director of ACR Corporation and Holcim Philippines Inc., publicly listed firms with new technology undertakings in each of their businesses. He is Chairman of REID Foundation, a provider of economic solutions experts to partners on reform packages to facilitate inclusive economic growth and development.

Dr. Aquino was formerly Senior Undersecretary of the Philippine Department of Trade and Industry. He managed international trade promotions by assisting exporters to the country's trade partners and led the country's trade policy negotiations in the World Trade Organization and ASEAN Economic Community and representation in Asia Pacific Economic Cooperation. He was the lead negotiator for the Japan-Philippines Economic Partnership Agreement, the first modern bilateral free trade agreement for the Philippines. He was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security, and patrimony and was a recipient of the Gawad Mabini Award with the rank of Grand Cross (or Dakilang Kamanong) for distinguished service to the country at home and abroad by the President of the Republic of the Philippines. He is a member of the Philippines APEC Vision Group 2020.

He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from the CRC Graduate School (now UA&P) in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

ANTONIO S. SORIANO, Director

Atty. Antonio S. Soriano, Filipino, 73, Director from Aug 2007 to present and Corporate Secretary (June 2002 to Nov. 2008). He obtained his Bachelor of Laws Degree from the University of the East in 1974 and was admitted to the Bar in 1975. He is the Senior Managing Partner of Soriano, Saarenas & Llido Law Office. He acts as the Corporate Secretary of the following: RISE Foundation, Inc. (1994 to present), ICS Development Corporation (1980 to present), PACEMAN General Services (1993 to present), Kagayhaan-Davao Resources Management Corporation (1994 to present), Kagayhaan - Cagayan de Oro City Resources Management Corporation (1993 to present), Chairman of Xavier Sports and Country Club (2000 to present), and Roadside Shops, Inc. (2000 to present). He is the Chairman of Cagayan de Oro Medical Centre, Philippine National Red Cross and First Industrial Plastic Ventures, Inc. (present). He is also active in civic and professional organizations like Integrated Bar of the Phils. – Misamis Oriental Chapter (Vice-President 1984-1986), Rotary Club of Cagayan de Oro City (IPP & SAG), Philippine Association of Voluntary Arbitrators (member - 1994) and Court of Appeals Mediation-Mindanao Station (member - 2007). He was also elected as Vice Mayor of Cagayan de Oro City from 1992-1995 and member of the City Council of the same city from 1988-1992. During his tenure he was able to pass several ordinances and resolutions that contributed to the development of the City. He has no directorship in other publicly-listed companies.

JOSELITO H. SIBAYAN, Director

Joselito H. Sibayan, Filipino, 63, was appointed as Director and Treasurer of A Brown Company, Inc. on March 28, 2017. His designation as Treasurer has ceased with the appointment of Mr. Joel A. Bañares on May 04, 2017. Currently, he is an Independent Director of Apex Mining Co. Inc. and SM Prime Holdings, Inc., publicly-listed companies. He is also President and CEO of Mabuhay Capital.

Prior to forming Mabuhay Capital, he was the Vice-Chairman of Investment Banking-Philippines and Philippine Country Manager for Credit Suisse First Boston (1998-2005). He held various positions from Senior Vice-President, Head of International Fixed Income Sales to Executive Director and Chief Representative at Natwest Markets (1993-1998). He was also the Head of International Fixed Income Sales at Deutsche Bank in New York (1988-1993). He spent 35 years in investment banking with experience spanning securities sales and trading, capital-raising, and mergers & acquisitions advisory.

Mr. Sibayan obtained his MBA from the University of California in Los Angeles and his B.S. Chemical Engineering from De La Salle University – Manila.

RENATO N. MIGRIÑO, Director and Treasurer

Mr. Renato N. Migriño, Filipino, 72, is currently also an Independent Director of Mabuhay Vinyl Corporation, a listed company. He was formerly Treasurer of Apex Mining Co., Inc., and a Director and Treasurer of Monte Oro Resources & Energy, Inc. Prior to his joining Apex Mining Co., Inc., Mr. Migriño was Treasurer, Chief Financial Officer, Senior Vice President for Finance, and Compliance Officer of Philex Mining Corporation, Director and Chief Financial Officer of Philex Gold Inc., and Director of FEC Resources Inc., Silangan Mindanao Mining Co., Inc., Brixton Energy & Mining Corporation and Lascogon Mining Corporation. He was also formerly Senior Vice President & Controller of Benguet Corporation.

He was formerly the Treasurer (from September 1, 2015 to March 28, 2017) and a Director (from September 28, 2016 to March 28, 2017) of A Brown Company, Inc.

JUN HOU, Director

Mr. Jun Hou, Chinese, 51, holds the position of Executive Chairman of Huli Fund Philippines, a firm that specializes in buyout investments especially in real estate, energy, minerals, and health industries. He is the President of Yi Ding Tai International Corporation from 2012 to present, a company which conducts its operations in the Philippines and based in the People's Republic of China.

Mr. Hou has been with Bank of America Merrill Lynch in both the United States and Hong Kong branches. He has extensive experience in international investment banking.

Mr. Hou obtained his Bachelor of Science degree from Northeastern Financial University and attended SBEP at the University of Asia & the Pacific.

Nomination of Independent Directors and Procedure for Nomination

Messrs. Elpidio Paras and Thomas Aquino, qualify as independent directors of the Company pursuant to Rule 38 of the Implementing Rules of the Securities Regulation Code and the Corporation's Manual on Corporate Governance.

In compliance with the requirements of the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws, the Corporate Governance Committee, in a meeting held on 29 April 2022, considered the nominations given in favor of Messrs. Paras (by Atty. Marie Antonette U. Quinito) and Aquino (by Mr. Paul Francis B. Juat). The Corporate Governance Committee has determined that these nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in Rule 38 of the Implementing Rules of the Securities Regulation Code. The nominated independent directors are in no way related to the stockholders who nominated them.

Approval of the extension of Mr. Elpido M. Paras' term as independent director of the Board for up to an additional two (2) terms for the following reasons: (a) his knowledge of the Mindanao overall business environment where most the Company's developments and investments are located b) his expertise and guidance on projects which are ongoing implementation for process improvement such as in digitalization and IT.

Approval of the extension of Mr. Thomas G. Aguino term as independent director of the Board for up to an additional two (2) terms for the following reasons: (a) his valuable inputs on the Company's expansion projects under development especially projects in new industries (b) his guidance on the Company's policies in Corporate Governance and ensuring it is in compliance with both local and global best practices in Governance.

The Members of the Corporate Governance Committee are as follows:

Chairman: Engr. Elpidio M. Paras, Independent Director
Members: Dr. Thomas G. Aquino, Independent Director
Annabelle P. Brown, Director
Robertino E. Pizarro, Director and President & Chief Executive Officer

Please see pages 27 to 29 for the Certification of Qualification of Independent Directors.

<u>Company Officers of ABCI</u>

WALTER W. BROWN, Chairman (refer above for his profile)

ROBERTINO E. PIZARRO, President & Chief Executive Officer
(refer above for his profile)

RENATO N. MIGRIÑO, Director and Treasurer (refer above for his profile)

MARIE ANTONETTE U. QUINITO, Chief Finance Officer

Atty. Marie Antonette U. Quinito, Filipino, 44, joined the A Brown Group of Companies in November 2013 as Comptroller. She was appointed as Chief Finance Officer effective September 1, 2015 until December 31, 2017. Thereafter, she was appointed as Vice President-Comptroller effective January 1, 2018. She assumed the Chief Finance Officer effective March 1, 2019 upon the resignation of Ignacio A. Manipula. She was formerly a Director of the company.

She finished her Bachelor of Science in Accountancy at the University of San Carlos Cum Laude in 1997. She became a Certified Public Accountant in December the same year. She finished her Master's in Business Administration at Southwestern University last May 2003. She finished her Bachelor in Laws at Xavier University Ateneo de Cagayan last May 2009 and passed the bar examination given last November 2011. She is a candidate for Doctor in Education Planning and Supervision. She has also taken courses with institutions such as the Asian Institute of Management and American Management Association.

She started as a Staff Auditor of Sycip, Gorres Velayo and Company, CPAs in November 1997. She joined the Multi Stores Corporation, Operator of SM Department Store Cebu in July 1998. After almost five years she was promoted to Finance and Admin Manager and was transferred to Shopping Center Management Corporation-Cagayan de Oro, the operator of SM Mall Cagayan de Oro. She spent fifteen (15) years of her life with the SM Group of Companies.

JOHN L. BATAC, Vice-President – Construction and Development & Chief Operating Officer

Engr. John L. Batac, Filipino, 52, AVP from Aug 2008 until he was appointed as VP effective June 2014. He was elected concurrently as Chief Operating Officer starting January 1, 2019. He is a Civil, Sanitary and Geodetic Engineer. He graduated from the University of the East in 1991 for his Civil Engineering course, at National University in 1994 for Sanitary Engineering and at The University of Northern Eastern Philippines in 1998 for Geodetic Engineering. He used to be an Instructor at International Training Center for Surveyors (Sept 1991 to April 1995), a Manager for Project Development of A Brown Company, Inc. (May 1995 to July 2000) and a Technical Consultant of Green Square Properties Corp. (2000 to 2008). He is also a member of the following organizations: Philippine Institute of Civil Engineers (PICE), Philippine Society of Sanitary Engineers (PSSE) and Geodetic Engineers of the Philippines (GEP).

PAUL FRANCIS B. JUAT, Vice President

Mr. Paul Francis B. Juat, Filipino, 28, was appointed as Vice President of A Brown Company Inc. effective January 1, 2019. He is also the President of Irradiation Solutions Inc. He is a director of Atok-Big Wedge Co., a publicly listed company. He is also a director of Brownfield Holdings Corporation, North Kitanglad Agricultural Company, Inc., PBJ Corporation, and Pacific Bougainville Holdings Corporation.

He started his career as Business Development Analyst under the Wind Business Unit of Energy Development Corporation. He also served as Assistant to President & CEO of Apex Mining Co., Inc.

He obtained his Bachelor's degree in Industrial Engineering from the University of the Philippines Diliman in 2015.

JASON C. NALUPTA, Corporate Secretary

Jason C. Nalupta, Filipino, 49, is the Corporate Secretary of the Corporation. He is also currently the Corporate Secretary or Assistant Corporate Secretary of listed firms Asia United Bank, Crown Asia Chemicals Corporation, and Pacific Online Systems Corporation. He is also a Director and/or Corporate Secretary or Assistant Corporate Secretary of private companies Sino Cargoworks Agencies, Inc., Falcon Resources, Inc., Mercury Ventures, Inc., Total Gaming Technologies, Inc., Parallax Resources, Inc., SLW Development Corporation, Metropolitan Leisure & Tourism Corporation, Sagesoft Solutions, Inc., Radenta Technologies, Inc., Xirrus, Inc., Glypthstudios, Inc., Loto Pacific Leisure Corporation, and Sta. Clara International Corporation. He is a Partner at Tan Venturanza Valdez Law Offices specializing on corporate, securities, and business laws. Mr. Nalupta earned his Juris Doctor degree, as well as his Bachelor of Science degree in Management (major in Legal Management), from the Ateneo de Manila University in 1996 and 1992, respectively. Mr. Nalupta was admitted to the Philippine Bar in 1997.

DANIEL WINSTON C. TAN-CHI, Assistant Corporate Secretary

Daniel Winston C. Tan-chi, Filipino, 42, is appointed Assistant Corporate Secretary of A Brown Company Inc. effective October 25, 2017.

Currently, he is the Corporate Secretary of Palm Thermal Consolidated Holdings, Hydro Link Projects Corp., Masinloc Consolidated Power, Inc., AB Bulk Water Company, Inc. and another 33 non-listed companies. He has 16 years of experience in the legal services industry with a solid background in the areas of Project and Debt Financing, Mergers & Acquisitions, Joint Ventures, Labor Disputes and Real Estate.

Mr. Tan-chi is a Partner in the law firm of Picazo Buyco Tan Fider & Santos where he started his career in 2005. He graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Legal Management in 2000. He also received his Juris Doctor from the Ateneo de Manila Law School in 2004.

ALLAN ACE MAGDALUYO, Compliance Officer

Allan Ace Magdaluyo, Filipino, 41, is appointed Compliance Officer of A Brown Company Inc. effective October 25, 2017. He started his career in A Brown Company, Inc. as Investor Relations Officer in June 2010 and promoted as Finance Manager and Senior Finance Manager in 2012. He graduated his BS Accountancy degree at Mindanao State University – Marawi as Magna Cum Laude and College Leadership Awardee in 2000. He took and passed the May 2001 CPA Board Examination. After obtaining his CPA license, he worked as an Accountant II in the Department of Education – Division of Agusan del Sur before he embarked on his graduate studies. He graduated his Master of Science in Finance degree at University of the Philippines – Diliman in 2008 and had completed his academic units for a Master in Public Administration at Bukidnon State University – San Francisco External Studies in 2004. He obtained his license as a Real Estate Broker in 2011 and Real Estate Appraiser in 2013.

Previously, he worked as internal auditor for an IT software firm in Makati and had also a short stint as a college instructor when he was still working in his province.

Significant Employees

The Company values its human resources. It expects every employee to perform the function assigned to him and to contribute in achieving the Company's goals. While each employee's role is important, there is no employee, other than the executive officers, who is expected by the Company to make a significant contribution to the business.

Family Relationships

Walter W. Brown, the Chairman of the Company, is married to Annabelle Pizarro Brown. Robertino E. Pizarro, the President and Chief Executive of the Corporation, is the brother of Annabelle Pizarro Brown. Paul Francis B. Juat is the grandson of Walter W. Brown and Annabelle P. Brown.

Involvement in Certain Legal Proceedings

The Company has no knowledge of any involvement by the members of the Board of Directors or Executive Officers in any legal proceeding affecting or involving themselves or their properties, or of said persons being subject to any order, judgment or decree before any court of law or administrative body in the Philippines. Neither have said persons filed any petition for suspension of payments or bankruptcy/ insolvency nor have been convicted by final judgment of any violation of a securities or commodities law or any offense punishable by laws of the Republic of the Philippines or any other country during the past five (5) years up to the latest date.

Certain Relationships and Related Transactions

The company, being a parent company, in its regular course of trade or business, enters into transactions with its subsidiaries consisting of reimbursement of expenses, purchase of other assets, construction and development contracts, management, marketing and service agreements. Sales and purchases of goods and services to and from related parties are made at arms-length transaction.

No other transaction was undertaken by the Company in which any Director or Executive Officers was involved or had a direct or indirect material interest except on the receipt of non-interest-bearing loans from the family of Dr. Walter W. Brown which was converted to equity. On 12 October 2017, the Board approved the conversion of the Company's debt amounting to ₱250,000,000 to equity at Php 1.13/share based on the 15-day volume weighted average price for the period ending on October 11, 2017.

Company requires directors to disclose immediately their interests in transactions or any other conflict of interests and do not participate in the decision-making process.

No material related party transaction was made in 2021 and 2020 that breached the materiality threshold. However, related party transactions below the threshold apply the same principle of abstentions if the directors are involved in the transaction.

Other than what has been stated in this Preliminary Information Statement and the Company's Annual Financial Statements, there are no other related party transactions entered into by the Company with related parties, including transactions with directors or self-dealings by the Company's directors.

Related Party Transactions are also discussed in Note 15 of the Audited Consolidated Financial Statements.

For the past five years, the Company did not enter into any contract with promoters.

Disagreement with Director

None of the directors have resigned or declined to stand for re-election to the Board of Directors since the date of the last annual meeting of security holders because of disagreement with the Company on any matter relating to the Company's operations, policies or practices.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Summary Compensation

Name and Position	Year	Salary (PhP)	Per Diem (PhP)	Bonus (PhP)	Total (PhP)
Total compensation of the President and Chief Executive Officer and the four (4) most highly compensated officers of the Company:	**2020**	27,221,162	120,000	4,592,378	**31,933,540**
	2021	14,937,077	160,000	3,477,418	**18,574,495**
1. Walter W. Brown 2. Robertino E. Pizarro 3. Paul Francis B. Juat 4. John L. Batac 5. Marie Antonette U. Quinito	**2022***	16,345,974	160,000	3,500,000	**20,005,974**
All other officers and directors as a group unnamed	**2020**	19,281,270	600,000	3,203,991	**23,085,261**
	2021	15,351,506	660,000	2,790,671	**18,802,177**
**Estimates*	**2022***	18,091,340	660,000	3,398,698	**22,150,038**

Directors

The regular directors receive P10,000 while the Chairman of the Board and Independent Directors receive P15,000 as per diem for every board and committee meeting. As provided in the By-Laws Article V, Section 1 (as amended and adopted by the BOD on March 12, 2012 and approved by SEC on June 13, 2012), a bonus may be distributed to the members of the Board of Directors, officers and employees "upon the recommendation of the Compensation and Remuneration Committee and shall not exceed ten (10) per centum of the net income of the corporation (excluding the unrealized equity in the net earnings of affiliated and subsidiary corporations) before this bonus and taxes of the preceding year or preceding years if in a cumulative basis…" The said bonus is to be pro-rated with respect to Director's attendance and for those who have served for less than one year.

The total compensation received by each director for 2021:

Directors	Compensation	Per Diem	Total
Walter W. Brown	2,255,000	90,000	2,345,000
Annabelle P. Brown		70,000	60,000
Robertino E. Pizarro	7,486,125	70,000	7,556,125
Elpidio M. Paras		180,000	180,000
Thomas G. Aquino		150,000	150,000
Antonio S. Soriano		80,000	80,000
Joselito H. Sibayan		60,000	60,000
Renato N. Migriño		50,000	50,000
Jun Hou		70,000	70,000

The attendance of Directors in Board Committee Meetings for 2021 is as follows:

Board Committee	Directors	Position	No. of Meetings Attended	Attendance (%)
Audit Committee	Elpidio M. Paras	Chair / ID	7 out of 7	100.00%
	Thomas G. Aquino	Member/ ID	7 out of 7	100.00%
	Antonio S. Soriano	Member	6 out of 7	85.71%
Risk Committee	Thomas G. Aquino	Chair/ ID	1 out of 1	100.00%
	Elpidio M. Paras	Member/ ID	1 out of 1	100.00%
	Antonio S. Soriano	Member	0 out of 1	-
Corporate Governance Committee	Elpidio M. Paras	Chair / ID	2 out of 2	100.00%
	Thomas G. Aquino	Member/ ID	1 out of 2	50.00%
	Annabelle P. Brown	Member	2 out of 2	100.00%
	Robertino E. Pizarro	Member	2 out of 2	100.00%
Related Party Transaction Committee	Thomas G, Aquino	Chair/ ID	1 out of 1	100.00%
	Elpidio M. Paras	Member / ID	1 out of 1	100.00%
	Joselito H. Sibayan	Member	1 out of 1	100.00%

Note: ID – Independent Director

Officers

The Company adopts a performance-based compensation scheme as incentive. Payments to all senior personnel from Manager and up were all paid in cash. The total annual compensation includes the basic salary and other variable pay (performance bonus and other taxable income). Each executive officer executed an employment contract with the Company for an indefinite period (the terms and conditions of which are in accordance with existing laws) and is entitled to receive retirement benefits in accordance with the terms and conditions of the Company's BIR-registered Employees' Retirement Fund.

Other than the previously exercised stock option plan, there are no stock, non-cash compensation, warrants or options granted to the officers and directors. There are no other material term or other arrangement, other than the above to which any Director / officer named above was compensated.

INDEPENDENT PUBLIC ACCOUNTANTS

The Company's Board of Directors reviews and approves the engagement of services of the Company external auditors, including but not limited to the appointment, compensation, retention, rotation and oversight of the independent auditors, who are appointed upon the recommendation of the Audit Committee, and which appointment shall be ratified by the stockholders during the annual stockholders' meeting. Representatives of the external auditors shall be present during annual meetings and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

Per SEC Memo Circular 19 of 2005 – Amendments to SRC Rules 68 and 68.1, "… the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The reckoning date for such rotation shall commence in year 2002…"

External Auditor Prior to 2018

The accounting firm Constantino Guadalquiver and Co. ("CG & Co"), a member practice of Baker Tilly International with address at Citibank Office 22nd Floor,Citibank Tower, 8741 Paseo De Roxas, Salcedo Village, Makati City. CG & Co. was the Corporation's external auditor since 28 August 2009. For five consecutive years, from 2009 to 2013, Rogelio M. Guadalquiver had been the Partner-In-Charge of the independent examination. For the Audit Year 2014 and 2015, Annalyn B. Artuz was the Partner-In-Charge. After the two (2) years cooling off period, Rogelio M. Guadalquiver was again the Partner-In-Charge. There was no instance that CG & Co and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure.

External Auditor Beginning 2018

In 2018, the principal independent accountant and external auditor of the Company was the accounting firm of Sycip Gorres Velayo & Co. ("SGV & Co."), a member practice of Ernst & Young International with address at SGV Building, 6760 Ayala Avenue, 1226 Makati City. SGV & Co. has been retained as the Corporation's external auditor since 28 June 2018 during the Company's Annual Stockholders' Meeting after the approval of the Board of Directors on 02 May 2018. There was no instance that SGV & Co. and the Company had any disagreement with regard to any matter relating to accounting principles or practices, disclosure of financial statements or auditing scope or procedure. For the Audit Year 2018, John T. Villa was the Partner-In-Charge while for the Audit Year 2020 and 2019, Alvin M. Pinpin is the Partner-In-Charge.

The company is compliant with SRC Rule 68, paragraph 3(b) on the five (5) year rotation requirement for external auditors.

In the interest of greater transparency and in accordance with good corporate governance practices mandated by SRC Rule 68(3)(b), as amended, the Board of Directors upon the recommendation of the Audit Committee has decided to re-appoint **Sycip Gorres Velayo & Co**. (SGV & Co.) as the external auditor for 2022 for approval of the stockholders of ABCI at the forthcoming Annual Stockholders' Meeting on June 30, 2022.

Members of the Audit Committee are as follows:

Chairman: Engr. Elpidio M. Paras, Independent Director
Members: Dr. Thomas G. Aquino, Independent Director
Atty. Antonio S. Soriano, Director

ISSUANCE AND EXCHANGE OF SECURITIES

Financial and Other Information

Please see Management Report and Annexes:

Annex A – Management's Discussion and Analysis
Annex B – Audited Consolidated Financial Statements for 2021
Annex C – Certification that none of the board members and officers is employed with the

Government
Annex D – SEC 17-Q for the 1st Quarter of 2022

AUTHORIZATION OR ISSUANCE OF SECURITIES OTHER THAN FOR EXCHANGE

No action is to be taken during the 2020 ASM with respect to this item.

AMENDMENTS OF CHARTER, BY-LAWS & OTHER DOCUMENTS

No action will be taken with respect to any amendment to the Corporation's Articles of Incorporation or By-Laws.

OTHER MATTERS

Action with Respect to Reports

The Company will seek the approval by the stockholders of the Minutes of the Annual Stockholders' Meeting held on June 24, 2021 during which the following were taken up: (1) Call to Order, (2) Proof of Notice of Meeting, (3) Certification of Quorum, (4) Approval of the Minutes of the previous Special Stockholders' Meeting, (5) Approval of 2020 Operations and Results, (6) Ratification of All Acts of the Board of Directors and Officers, (7) Amendment to Articles of Incorporation (AOI) – Reclassification of Part of Unissued Common Shares to Preferred Shares (8) Issuance and Public Offering of Preferred Shares (9) Retention of Independent Directors (10) Election of Directors, (11) Appointment of External Auditors, (12) Other Matters, and (13) Adjournment.

The Company will seek the approval by the stockholders of the 2021 Operations and Results, contained and discussed in the annual report attached and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of Management and of the Board of Directors for the past year.

The minutes of the 2021 Annual Stockholders Meeting had been uploaded to the Company's website within five (5) days from the date of the meeting and may be viewed through the following link:
https://abrown.ph/kooroast/2021/07/ABCI_ASM-2021.pdf

In compliance of Section 49 of the Revised Corporation Code (RCC), the minutes contain the following information:
1. A description of the voting and vote tabulation procedures used in the previous meeting;
2. A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given;
3. The matters discussed and resolutions reached;
4. A record of the voting results for each agenda item; and
5. A list of the directors, officers and the percentage of outstanding and voting shares of stockholders who attended and participated in the meeting

Other Proposed Actions

The following are to be proposed for approval during the stockholders' meeting:
1. Minutes of the Previous Meeting of Stockholders
2. 2021 Operations and Results
3. Ratification of all Acts of the Board of Directors and Officers
4. Retention of Independent Directors
5. Election of Directors for 2022-2023
6. Appointment of External Auditor
7. Other Matters

2021 Operations and Results. Management reports which summarize the acts of management for the year 2020 are included in the company's Annual Report to be sent to the stockholders together with this Information Statement and shall be submitted for approval by the stockholders at the meeting. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

Ratification of Acts of Directors and Officers. The items covered with respect to the ratification of the acts of the Board of Directors and officers for the past year up to the date of the meeting are those items entered into in the ordinary course of business, with those of significance having been covered by appropriate disclosures such as:

a.) Membership in the relevant committees such as the Executive, Audit, Risk, Related Party Transaction and Corporate Governance including its subsumed Committees on Nomination, Compensation, and Corporate Culture and Values Formation Committees and;
b.) Designation of authorized signatories;
c.) Financing activities;
d.) Opening of accounts;
e.) Appointments in compliance with corporate governance policies; and
f.) Funding support for projects

Retention of Independent Directors. The Code of Corporate Governance for Listed Companies requires that independent directors should serve for a maximum cumulative term of nine (9) years, after which, the independent director will be perpetually barred from reelection as such in the same company. However, a company may seek the approval of the shareholders should it wish to retain an independent director to serve beyond 9 years, provided, that meritorious justification(s) is/are given therefore.

By the end of their current terms, Engr. Elpidio M. Paras and Mr. Thomas G. Aquino would have served the Company as Independent Directors for 9 years. However, for the justifications provided in page 18 of this Information Statement, the Board of Directors has agreed to seek the approval of the shareholders for Engr. Paras and Mr. Aquino be allowed to continue serving as Independent Directors beyond the maximum period allowed.

Voting Procedure

(a) Actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.

(b) Two inspectors shall be appointed by the Board of Directors before or at each meeting of the stockholders, at which an election of directors shall take place. If no such appointment shall have been made or if the inspectors appointed by the Board of Directors refused to act or fail to attend, then the appointment shall be made by the presiding officer of the meeting. For purposes of the Annual Stockholders' Meeting on June 30, 2022 the Corporate Secretary and/or his representative, together with the Audit Partner of the External Auditor and/or his representative, have been designated as inspectors who have been tasked to oversee the counting of votes.

(c) Stockholders may vote at all meetings either in person or by proxy duly given in writing in favor of any person of their confidence and each stockholder shall be entitled to one vote for each share of stock standing in his name in the books of the corporation; provided, however, that in the election of directors, each stockholder shall be entitled to cumulate his votes in the manner provided for by law. For the purpose of this year's annual stockholders' meeting, which will be held only in a virtual format, the stockholders may only vote through proxies or by remote communication (*in absentia*). The stockholders are encouraged to participate in the meeting by either of the following:

i. by submitting duly accomplished proxies to the Office of the Corporate Secretary at 2704 East Tower, Philippine Stock Exchange Centre, Ortigas Center, Pasig City or via electronic copy by emailing corporatesecretary@abrown.ph on or before 5:00 p.m. on June 20, 2022.

For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

ii. by registering your votes on the matters to be taken up during the meeting through the e-voting platform set up for the purpose which can be accessed at abrown.ph/asmregister2022. The e-voting portal will be open until 12:00 noon of 30 June, 2022.

(d) The method of counting votes shall be in accordance with the general provisions of the Revised Corporation Code. The counting shall be done by the inspectors abovementioned, witnessed and the results verified by a duly appointed validator.

OMITTED ITEMS

Items 10 to 14 and Item 16 are not responded to herein the Corporation not intending to take any action with regard to the same during the stockholders' meeting.

Ratification of All Acts of the Board of Directors and Officers

1. Approval of Unaudited Quarterly Financial Reports

    - First Quarter 2021
    - Second Quarter 2021
    - Third Quarter 2021
    - First Quarter 2022

2. Approval of Registration and Listing of up to Fifty Million (50,000,000) cumulative, non-voting, non-participating, and non-convertible perpetual peso-denominated perpetual preferred shares

3. Availment of Loan/Credit Facilities

    - Philippine Bank of Communications (up to Php49.0 Million)
    - Union Bank of the Philippines (Php752.5 Million)

4. Matters Done in the Ordinary Course of Business

    - Opening/Closing of Bank Accounts
    - Renewal of Bank Loans
    - Amendment/Updating of Bank Signatories for Various Banks
    - Purchase/Disposition of Motor Vehicles and Equipment
    - Renewal of Business Permits and Licenses
    - Accreditation with PAG-IBIG Fund for Takeout Mechanism for Developer Assisted Housing Program
    - Purchase of Properties for Development
    - Other Regulatory Matters
        - ➢ Registration with Anti-Money Laundering Council
        - ➢ Transactions with Land Registration Authority

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ELPIDIO M. PARAS**, Filipino, of legal age with address at 12 Gemini St., Villa Ernesto, Gusa, Cagayan de Oro City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee as Independent Director of **A BROWN COMPANY, INC.** and I have holding said position since June 2002.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Parasat Cable TV, Inc.	President & CEO	1991 - present
Kismet Cable TV Inc.	President	2022-
Phil. Cable TV Association	Chairman of the Board	2000 - 2008
Phil. Cable TV Association	President	2010 - 2012
Phil. Cable TV Association	Vice President for Mindanao Area	2015 - 2017
Phil. Cable TV Association	Director	2017 - 2022
Promote Northern Mindanao Foundation, Inc.	Trustee	2005 - present
Cagayan de Oro Chamber	President	2007 - 2008
Xavier University	Chairman of the Board of Trustees	2007 - 2016
CDO ICT Committee	Member	2005 - present
Cagayan de Oro International Trade and Convention Center Foundation, Inc.	Director	2005 - 2010
UC-1 Corporation	President & CEO	2002 - present
Philippine Association of Amusement Park & Attractions	Member	2012 - present
Jade Cable TV Systems, Inc.	President & CEO	1991 - present
Accolade Resources, Inc.	Director	2012 - present
Maria Reyna – Xavier University Hospital, Inc.	Member of the Board of Trustees	2012 - present
Southbank	Independent Director	2014 - present
Tourism Congress of the Philippines	Trustee	2017 – 2019

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

4. I am not related to any of the other director/officer/substantial shareholder of **A BROWN COMPANY INC**. **and its subsidiaries and affiliates** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

6. I am not affiliated with any agency or instrumentality of the Philippine Government, including any of the government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **A BROWN COMPANY, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 31 2022 day of ____________, at CAGAYAN DE ORO CITY.

ELPIDIO M. PARAS
Affiant

SUBSCRIBED AND SWORN to before me this MAY 31 2022 day of ________ at CAGAYAN DE ORO CITY affiant personally appeared before me and exhibited to me his Passport No. P7154412A issued on May 12, 2018 and valid until May 11, 2028 at DFA- Cagayan de Oro as his competent evidence of identity.

Doc. No. 183;
Page No. 37;
Book No. 26;
Series of 2022

ALMIRA B. VALDEZ
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
PTR NO. 5160804/12-20-2021
IBP LIFETIME NO. 018145/MIS. OR CHAPTER
TIN: 950-141-267/ROLL NO. 54967
MCLE COMPLIANCE NO. VI-0000832/04-14-2022

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **THOMAS G. AQUINO,** Filipino, of legal age with address at 24 Barcelona St., Merville Park, Paranaque City 1709, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee as Independent Director of **A BROWN COMPANY, INC.** and I have holding said position since March 2012.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
NOW Corporation	Vice-Chairman	2021- present
Alsons Consolidated Resources, Inc.	Independent Director	2011 - present
Holcim Philippines, Inc.	Independent Director	2019 - present
Pryce Corporation	Independent Director	2021 - present

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

4. I am not related to any of the other director/officer/substantial shareholder of **A BROWN COMPANY INC. and its subsidiaries and affiliates** other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

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

6. I am not affiliated with any agency or instrumentality of the Philippine Government, including any of the government-owned and controlled corporations.

7. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC Issuances.

8. I shall inform the Corporate Secretary of **A BROWN COMPANY, INC.** of any changes in the abovementioned information within five days from its occurrence.

Done, this ____ day of MAY 2 0 2022, at PASIG CITY.

Thomas Aquino

THOMAS G. AQUINO
Affiant

SUBSCRIBED AND SWORN to before me this ____ day of MAY 2 0 2022 at PASIG CITY, affiant personally appeared before me and exhibited to me his Passport No. P9335247B issued on March 25, 2022 and valid until March 24, 2032 at DFA-Manila as his competent evidence of identity.

Doc. No. 160;
Page No. 33;
Book No. III;
Series of 2022

ANN MARGARET K. LORENZO
Notary Public for the Cities of Pasig and San Juan
and the Municipality of Pateros
Appointment No. 131 (2021-2022)
Commission Extended on December 31, 2022
2704 East Tower, Tektite Towers
(Formerly Philippine Stock Exchange Centre),
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 8131863 / 01.06.2022 / Pasig
IBP No. 171337 / 12.23.2021 / RSM
Roll of Attorneys No. 64875
MCLE No. VII-0010623 / 02.18.2022

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE WITHOUT CHARGE A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING ADDRESS:

Office of the Corporate Secretary
A BROWN COMPANY, INC.
194 Tomas Morato Avenue
Sacred Heart, Quezon City
(Liaison Office)

Attention: **Atty. Jason C. Nalupta**
Corporate Secretary

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on June 2, 2022.

A BROWN COMPANY, INC.
Issuer

By:

ROBERTINO E. PIZARRO
President & Chief Executive Officer

ANNEX A

MANAGEMENT REPORT 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Current Period (2021 & 2020) Operational and Financial Information

Financial Condition

In Thousand Pesos	Audited 2021	Audited 2020	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis Audited 2021	Audited 2020
Current Assets	**4,642,563**	3,666,756	975,807	27%	**54%**	56%
Noncurrent Assets	**3,983,181**	2,835,696	1,147,485	40%	**46%**	44%
Total Assets	**8,625,745**	6,502,452	2,123,292	33%	**100%**	100%
Current Liabilities	**1,554,623**	1,465,955	88,668	6%	**18%**	23%
Noncurrent Liabilities	**1,097,296**	782,065	315,231	40%	**13%**	12%
Equity	**5,973,825**	4,254,433	1,719,393	40%	**69%**	65%
Total Liabilities and Equity	**8,625,745**	6,502,452	2,123,292	33%	**100%**	100%

A Brown Company - CONSOLIDATED
Statement of Financial Position items – December 2021 vs. December 2020

The Group's total assets increased by 33**% or ₱2.1 billion,** from a balance of **₱6.5 billion** as of end of the year 2020 to **₱8.6 billion** as of December 31, 2021.

The increase was primarily contributed by the receipt of cash proceeds from the preferred shares offering which increased cash by ₱1.0B. The build-up in contract assets by **₱573.2*M***; real estate held for sale by ₱517.0M and investment properties by ₱352.3M also augment such growth even if the receivables declined by ₱447.2M. The increase in the consolidated assets is coupled with the increase in short-term and long-term debt, the preferred shares offering in excess of par and the after-income tax earned as the sources of funds.

Current Assets increased by 27% or ₱975.8 million as a result of the net effect of the following:

452% or* ₱1.0B *increase in Cash – due to the net effect of the net cash provided by financing activities and net cash used in operating and investing activities. The receipt of cash in the issuance of "Series A" preferred shares amounting to **₱1.3B** contributed to the bulk of the increase in cash. Financing activities also include the receipt of the proceeds from long-term debt of **₱547.2M** and short-term debt of **₱157.1M;** payments made to short-term debt-net and the long-term debt amounted to **₱127.8M and ₱315.6M**, respectively. Interest payments amounted to **₱87.7M** and shares buy-back amounted to **₱49.4M**. Investing activities include the dividends received from associates amounted to **₱160.4M,** acquisition of property, plant and equipment at **₱ 69.0M;** investment properties at **₱205.7M** and other non-current assets-planned acquisition of land/lot at **₱ 21.3M**.

56% or* ₱569.7*M decrease in Current Portion of Receivables – net due to the net effect of:

a) **9% or ₱8.0M decrease in dividend receivable -** due to collection of previously declared dividend net of the recently declared dividend
b) **63% or ₱488.8M decrease in installment contract receivables on sale of real estate** - higher collection of current ICRs and lower reclassification of non-current ICRs this year as compared from last year
c) **19% or ₱3.8M increase in Trade Receivable** – directly related from the receivable from water service and sale of crude palm oil (CPO), palm olein, palm stearin and other palm products

d) **7% or ₱211k increase in advances to officers and employees** – due to the increase in the advances of employees for liquidation

e) **19% or ₱24.9M increase in other receivables -** due to the collection of receivable from sale of equity instrument

143% or ₱108.8M increase in Current portion of Contract Assets – pertains to the increase in the completed portion of the contract against the amount collected from buyers that will be billed and collected within the year.

33% or* ₱517.0*M increase in Real estate inventories – due to the net effect of the newly acquired land and the development costs of new phases of existing projects as against units sold in all projects: ₱323.0M increase pertains to the newly acquired land for development while ₱194.0M pertains to development costs in newly launches phases of existing projects, namely Coral Resorts Estates, Ignatius Enclave and Teakwood Hills.

19% or* ₱28.1M *increase in Inventories – due to lower inventory turn-over of crude palm oil thereby increasing its inventory and the growing piles of construction materials ready for use

32% or* ₱163.6*M decrease in Other current assets – due to the net effect of:

a) 50% or ₱160.3M decrease in deposit for land acquisition – as a a result of reclassification of the account to real estate held for sale on fully paid acquisition and scheduled for developed landbanking
b) 37% or ₱26.2M increase in creditable withholding taxes – as a result of higher creditable withholding taxes on sale of real estate versus utilization of creditable withholding taxes.
c) 25% or ₱24.1M decrease in prepaid expenses – directly related to decrease in prepaid expenses made by the Group during the year
d) 20% or ₱3.3M decrease in prepaid commission – directly related to decrease pre-payments of commission to brokers and marketing agents
e) 75% ₱2.1M decrease in other current assets – miscellaneous – decrease in advances to suppliers and contractors.

Non-Current Assets increased by 37% or ₱1.0 billion as a result of the net effect of the following:

78% or* ₱20.7M *increase in Non-current portion of Receivables-net – due to reclassification to current Installment Contracts Receivable (ICR) since these are already due for collection

2258% or ₱464.4M increase in Non-current portion of Contract Assets – due to increase in sales to which revenue is already recognized to the extent of percentage-of-completion (POC) prior to billing for the next 12 months.

36% or ₱63.8M *increase in Equity Instruments at Fair Value through Other Comprehensive Income (EIFVOCI)* – due to the increase in share price of equity instruments at FVOCI

8% or ₱121.4M increase in Investment in Associates – due to the Group's share/equity in the net profit of associates which is higher amounting to **₱273.5*M versus* ₱175.**9M for 2021 and 2020, respectively.as compared to dividend received and/or receivable, amounting to **₱152.4*M versus* ₱175.0*M,*** during the year

363% or ₱352.3M increase in Investment Properties – due to the increase in acquisition of land held for capital appreciation by 215% or ***₱205.6M*** and increase in land and building held for lease by 9107% or **₱ 146.6*M*** during the year

1% or* ₱8.6*M increase in Property, Plant and Equipment - net due to the net effect in:

a) 13% or ₱6.5M decrease in Leasehold improvements – net due to depreciation
b) 5% or ₱14.6M decrease in Bearer Plants – net due to depreciation and impairment of bearer plants-trees
c) 5% or ₱10.5M decrease in RBD and Fractionation Machineries - net due to depreciation
d) 9% or ₱826k decrease in Building and Improvements - net due to depreciation
e) 24% or ₱27M decrease in Machinery and Equipment- net due to higher depreciation as compared to new acquisitions

f) 4% or ₱48.3M increase in Construction in Progress - net due to additional development cost of new projects e.g. Vires Energy Corporation (VEC)
g) ₱61k decrease in Right-of-Use Assets – net due to amortization
h) 31% or ₱20M increase in Other equipment – net due to new purchases and reclassifications which is higher than the depreciation and disposal

30% or* ₱5.0M *decrease in Deferred Tax Assets – directly related to the decrease this year in the tax effect of the allowance for impairment loss on PPE and decrease in tax effect of retirement liability of the Group recorded last year.

14% or* ₱21.3*M increase in Other Non-current assets – due to the increase in refundable deposits - net of current portion by 5% or ***₱1.9M***; decrease in advances to third party by 11% or ***₱12.6M*** and increase in deferred input VAT 1822% or ***₱32.0M***

Total liabilities increased by 18% or ₱*403.9 *million as a result of the net effect on current and non-current liabilities:

Current liabilities increased by 6*% of ₱88.7 million* as a result of the net effect of the following:

18% ***or ₱111.5M*** *increase* ***in Accounts payable and accrued expenses*** – primarily due to the net effect of the following:

a) 15% or ₱61.0M increase in trade accounts payable – due to increase trade payables
b) 32% or ₱47.7M increase in accrued expenses – due to accrual of contractual services, professional fees, rentals and other recurring expenses
c) 16% or ₱5.4M increase in retention payable- due to increase in the amount withheld by the Group on contractor's billings
d) 11% or ₱3.4M decrease in statutory payables – due to decrease in dues for remittance to SSS, PHIC, HDMF and withholding taxes
e) 34% or ₱727k increase in accrued interest payable – due to increase in accrued interest

7% or* ₱29.3*M increase in Short term Debt – due to the net effect additional loan availed and payments made by the group during the year

21% or* ₱52.6*M decrease in Current portion of long-term debt – effect on the lower current year due portion of the long-term debt against paid in 2021

Non-Current liabilities increased by 40% or* ₱315.2 *million as a result of the net effect of the following:

50% or ₱*284.2M increase in Non-current portion of long-term debt* – due to the net effect of the increase in long term loans availed against the reclassification of the principal amount that will be due within one year and repayments.

13% or* ₱8.0*M increase in Retirement liability – as a result of the actuarial valuation of the retirement benefit obligation of the existing employees

15% or* ₱23.0*M increase in Deferred tax liabilities - due to the increase in the tax effect of sales on deferred payment scheme

Equity increased by 40% or ₱1.7 billion as a result of the net effect of the following:

1% or* ₱13.3*M increase in Capital Stock – the increase pertains to the issuance of 13,264,900 “Series A” preferred shares with par value of **₱1.00 per share in 2021.**

203% or* ₱1.3B *increase in Additional Paid-In Capital – the increase pertains to the issuance of 13,264,900 “Series A” preferred shares at an offer price of **₱100.00** per share with an excess of **₱99.00** per share over its **₱ 1.00** par value in 2021.

28% or* ₱397.6*M increase in the Retained Earnings – the increase pertains to the net income of the Group

233% or ₱49.4M increase in the Treasury Shares – the increase pertains to the shares buy-back program of the Company which started on August 17, 2020 and extended on May 25, 2021.

25% or ₱63.8*M decrease in Fair Value Loss of EIFVOCI* – due to the increase in market value of equity instruments at fair value through other comprehensive income or available for sale investments

8% or* ₱2.0*M increase in Re-measurement loss on retirement benefits obligation, net of tax - related to the actuarial valuation of retirement benefits obligation

53% or* ₱384k *decrease in Re-measurement loss on retirement benefits obligation of an associate, net of tax – pertains to the reduction of actuarial loss incurred by an associate’s retirement plan

62% or* ₱2.5*M increase in Cumulative translation adjustment – related to the exchange differences in foreign currency translation

Results of Operation

In Thousand Pesos	Audited 2021	Audited 2020	Audited 2019	Horizontal Analysis Increase (Decrease) Amount 2021 vs 2020	%	Amount 2020 vs 2019	%	Vertical Analysis Audited 2021	Audited 2020	Audited 2019
Real estate sales	**628,452**	761,538	942,736	(133,086)	-17%	(181,197)	-19%	**88%**	88%	92%
Sale of agricultural goods	**56,980**	79,089	63,725	(22,109)	-28%	15,364	24%	**8%**	9%	6%
Water service income	**24,836**	23,417	21,350	1,419	6%	2,068	10%	**3%**	3%	2%
REVENUES	**710,269**	864,044	1,027,810	(153,776)	-18%	(163,766)	-16%	**100%**	100%	100%
Cost of real estate sales	**219,690**	353,432	355,232	(133,741)	-38%	(1,800)	-1%	**31%**	41%	35%
Cost of agricultural goods sold	**42,017**	60,136	49,685	(18,119)	-30%	10,451	21%	**6%**	7%	5%
Cost of water service income	**9,579**	5,733	11,990	3,846	67%	(6,256)	-52%	**1%**	1%	1%
COST OF SALES AND SERVICES	**271,287**	419,300	416,906	(148,014)	-35%	2,394	1%	**38%**	49%	41%
GROSS PROFIT	**438,982**	444,744	610,904	(5,762)	-1%	(166,160)	-27%	**62%**	51%	59%
General, Administrative and Selling Expenses	**284,538**	241,992	265,202	42,546	18%	(23,211)	-9%	**40%**	28%	26%
Equity in net earnings of associates	**273,498**	175,889	380,304	97,609	55%	(204,415)	-54%	**39%**	20%	37%
Impairment loss	**-**	(31,394)	(21,957)	31,394	-100%	(9,437)	43%	**0%**	-4%	-2%
Interest expense	**(26,679)**	(25,246)	(23,059)	(1,433)	6%	(2,187)	9%	**-4%**	-3%	-2%
Realized gain (loss) on sale of EIFVPL	**-**	12,478	(32,095)	(12,478)	-100%	44,573	-139%	**0%**	1%	-3%
Gain on bargain purchase	**-**	2,659	-	(2,659)	-100%	2,659		**0%**	0%	0%
Unrealized foreign exchange gain (loss)	**(2)**	1	11	(3)	-262%	(10)	-89%	**0%**	0%	0%
Unrealized gain (loss) on EIFVPL	**-**	-	(43,514)	-		43,514	-100%	**0%**	0%	-12%
Other income (expense) - net	**19,566**	8,784	20,993	10,781	123%	(12,209)	-58%	**3%**	1%	2%
Other Income (Expenses)	**266,384**	143,172	280,683	123,212	86%	(137,511)	-49%	**38%**	17%	19%
Income (Loss) Before Income Tax	**420,828**	345,924	626,385	74,904	22%	(280,460)	-45%	59%	40%	61%
Provision for (Benefit from) Income Tax	**23,278**	51,820	131,592	(28,543)	-55%	(79,771)	-61%	3%	6%	13%
NET INCOME (LOSS)	**397,550**	294,104	494,793	103,446	35%	(200,689)	-41%	56%	34%	48%
Cumulative translation adjustment	**2,498**	2,994	4,111	(496)	-17%	(1,117)	-27%			
Net change in fair value of EIFVOCI	**63,824**	8,026	(1,086)	55,799	695%	9,112	-839%			
Remeasurement gain (loss) on defined benefit plan-net of tax	**(1,957)**	(5,210)	(10,048)	3,253	-62%	4,839	-48%			
Equity in other comprehensive loss of associate	**384**	(732)	-	1,116	-153%	(732)				
OTHER COMPREHENSIVE INCOME (LOSS)	**64,750**	5,078	(7,023)	59,671	1175%	12,102	-172%			
TOTAL COMPREHENSIVE INCOME (LOSS)	**462,300**	299,182	487,770	163,118	55%	(188,587)	-39%			

A Brown Company - CONSOLIDATED
Results of Operations
For the Year Ended December 31, 2021

The Consolidated Statement of Comprehensive Income (CSCI) for the year ending December 31, 2021 resulted to an after-tax net income of **₱397.6 million** which increased by 35% or **₱103.4 million** compared to a **₱294.1 million** net income of last year .

The resulting after-tax income was primarily contributed by the share in net income (loss) of associates and the significant lower cost of sales and services incurred relative to the lower revenues this year. The lower income tax expense due to CREATE also added the increase in the net income earned this year. The 695% or **₱55.8 million** increase in the Net change in fair value of equity instruments through other comprehensive income (EIFVOCI) also contributed the increase in the total comprehensive income from **₱299.2 million** in 2020 **to ₱ 462.3 million** in 2021.

Comparative between the CSCIs accounts of the two periods (2021 against 2020) are as follows:

18% or* ₱153.8*M decrease in Revenues due to:

- ***a) Decrease in Real estate Sales by 17% or* ₱133.1*M*** - Sales in 2020 were mostly high end and economic units compared to the sales this year. For 2021, there is a decrease in lots that were available for sale for high end and economic units as compared last year.
- ***b) Decrease in Sale of agricultural goods by 28% or* ₱22.1*M*** – due to the following:
    - a. ***Decrease in Sales of crude palm oil by 41% or* ₱23.3*M* –** this is due to the decrease in quantity sold by 61% or 1,310 metric tons, from a volume of 2,140 metric tons in 2020 to 830 metric tons in 2021; even though the average selling price increased by **₱14,148** per metric ton from **₱26,721** per metric ton last year to **₱40,869** per metric ton in 2021.
    - b. ***Decrease in Palm Fatty Acid Distillate Sales by 65% or* ₱3.5M –** this is due to the decrease in quantity sold by 74% or 225 metric tons, from a volume of 302 metric tons in 2020 to 77 metric tons in 2021 even if the average selling price increased by **₱6,718** per metric ton from **₱17,797** per metric ton last year to **₱24,515** per metric ton in 2021.
    - c. ***Increase in Palm Olein Sales by 75% or ₱7.1M* –** this is due to the increase in the average selling price by 46% or **₱20,835** per metric ton from **₱45,355** per metric ton in 2020 to **₱66,190.48** per metric ton in 2021 and the increase in quantity sold by 20% or 41.67 metric tons, from a volume of 206.46 metric tons in 2020 to 248.13 metric tons in 2021.
    - d. ***Decrease in Palm Stearin Sales by 47% or* ₱1.6M *-*** this is due to the decrease in quantity sold by 49% or 94 metric tons, from a volume of 193 metric tons in 2020 to 99 metric tons in 2021 even if the average selling price increased by 3% or **₱541.34** per metric ton from **₱17,266** per metric ton in 2020 to **₱17,808** per metric ton in 2021
    - e. ***Increase in Kernel and Kernel Nuts by ₱655k* -** the increase is due to no sale of kernel and kernel nuts from last year since the production of kernel and kernel nuts in the previous year was only sold in 2021 due to decrease in market demand on the product in the previous year
    - f. ***Decrease in Palm Kernel Cake by 100% or* ₱1.2*M*–** the decrease is due to no sale of kernel cake this year since ABERDI did not trade (buy and sell) on such product in 2021 due to low market demand
    - g. ***Decrease in sale of Palm acid oil by 33% or* ₱1.2M -** this is due to the decrease in quantity sold by 58% or 163 metric tons, from a volume of 281 metric tons in 2020 to 118 metric tons in 2021 even if the average selling price increased by **₱8,197** per metric ton from **₱12,469** per metric ton in 2020 to **₱19,876** per metric ton in 2021
- ***c) Increase in Sales from water services by 6% or* ₱1.4*M*** due to the increase in the turn-over of units and consumption of water by residents

35% or ₱148.0M decrease in Cost of Sales and Services due to:

- ***38% or* ₱133.7*M decrease in cost of real estate* –** the decrease is relatively due to lower sales of high end and economic units during year as compared in 2020
- Decrease in Sale of agricultural goods by 30% or **₱18.1*M*** – due to the following:

a. ***43% or ₱18.7M decrease in cost of production of Crude palm oil –*** the decrease is relatively due to the proportionate decrease in sales of crude palm oil
b. ***80% or ₱5.M decrease in cost of Palm Fatty Acid Distillate -*** the decrease is relatively to the proportionate to the decrease in sales of palm fatty acid distillate
c. ***Increase in cost of Kernel Nuts by ₱329k -*** the increase is due to no sale of kernel nuts from last year
d. ***Decrease in cost of Palm Acid Oil by 1% or* ₱21k –** the decrease is related to lower cost of production as compared last year
e. ***Increase in cost of Palm Olein by 133% or* ₱7.1*M*** - the increase is due to the increase in the cost of producing palm olein
f. **Decrease in cost of Palm Stearin by 51% or ₱1.3M -** the decrease is directly related to the decrease sale of palm stearin

- ***Increase in cost of water services by 67% or* ₱3.8*M* –** due to the increased costs related to rendering water services

4% or* ₱11.2*M increase in General, Administrative and Selling Expenses - due to the following net effect of:

a) ***9% or* ₱6.8*M decrease in Personnel expenses -*** due to the lower compensation and other benefits for those who filled-up vacancies in manpower in 2021
b) ***28% or* ₱11.1*M increase in Marketing expenses –*** due to the increase in various sponsorships of events for ads and promotions and various training activities of accredited real estate brokers and agents of the Parent Company
c) ***43% or* ₱12.5*M decrease in Impairment Loss*** – this pertains to the impairment of bearer plants-trees
d) **7%** or **₱1.8M decrease in Taxes and Licenses** – pertains to the decrease in documentary stamp taxes on loans in 2021 and application of tax credit with LGU
e) **1%** or **₱127k de*crease*** in **Outside Services** - due to the decrease in requirement on additional project
f) ***66% or* ₱4.5*M increase in Professional Fees*** – directly related to the increase in consultancy services incurred by the Group in the market study on irradiation services as well as on environmental research and examination services.
g) ***19% or* ₱5.4*M increase in Depreciation –*** due to increase wear and tear and usage of PPEs
h) ***4% or* ₱315k *decrease in Rental expense*** – due to prepaid land rights reclassification to ROU asset in 2021; hence, a decrease in rent expense (from prepaid land rights)
i) ***22% or* ₱1.9M *decrease in Utilities and supplies –*** due to the decrease in usage of utilities and supplies during the year.
j) ***1080% or P18.7M increase in Transportation and Travel***– directly related to the various site visitations for real estate projects, plantation operations and power group operations.
k) **6*% or* ₱425k *increase in Retirement Benefits expense***
l) ***17% or ₱612k increase in Repairs and Maintenance*** – due to the increase in cost of repairs and maintenance during the year.
m) ***163% or* ₱524k *increase in Insurance –*** due to additional properties and units insured
n) ***46% or* ₱701k *decrease in Director Fees –*** directly related to the per diem paid to directors on various directors' meetings conducted during the year which decreased due to lower number of meetings that were being paid this year as compared to last year.
o) ***9% or* ₱1.4M *increase in Others –*** includes notarization, insurance, bank charges, and expenses arising from business and research development and software maintenance.

55% or* ₱97.6*M increase in Share in net income (loss) of associates – this pertains to the Group's 20% share on the net income of associates, e.g. PCPC and Peakpower Energy, Inc. and 33.33% share in the net loss of EWRTC, amounting to **₱273.5*M versus* ₱175.**9M for 2021 and 2020, respectively.

100% or* ₱2.7M *decrease in Gain on bargain purchase – due to the acquisition of Vires Energy Corporation last year with the total fair value of net assets acquired being higher than the acquisition cost.

100% or ₱12.5*M decrease in Realized Gain on sale of equity instruments at fair value through profit and loss (EIFVPL)* – this pertains to the sale of equity instruments in 2020 that were classified as EIFVPL in 2018 upon adoption of PFRS 9 and no transaction involving the sale of equity instruments at fair value through profit and loss for current period.

262% or ₱3k decrease in Unrealized foreign exchange gain (loss) – this pertains to the related to the lower foreign exchange gain translation

6% or ₱1.4M increase in Interest Expense – directly related to the group's various loan availment

123% or ₱10.8M increase in Other Income - net – due to the net effect of the following:

a.) ***Increase in Income from forfeited deposits by 411% or ₱9.7M*** – foreclosed accounts in 2021 is higher compared last year.

b.) ***Decrease in Dividend Income by 96% or 194k*** – this pertains dividend income received from EIFVOCI

c.) ***Decrease in Gain on disposal of PPE by 257% or ₱473k*** – this pertains to the sale of machinery and other equipment which is higher in 2020 as compared in 2021

d.) ***Increase in Interest income by 7% or ₱139k*** – due to the increase in the in-house financing of real estate sales this year as compared last year.

e.) ***Increase in Other income- Tapping fees, transfer fees and other water charges by 12% or P514k*** – income from tapping fees due to increase turn-over of units; transfer fees and other water charges

55% or P28.5M decrease in Income Tax Expense - caused by the decreased income tax rate effected by the CREATE law which decrease the corporate tax rate from 30% to 25% in the current year.

With the foregoing increase of after-tax income, total comprehensive income also increased by 55% or **₱ 163.1*M*** *due to net effect of the following:*

a.) increase by 695% or **₱55.8*M*** of the net change in fair value of EIFVOCI
b.) increase by 62% or **₱3.3*M*** of the remeasurement gain (loss) on defined benefit plan-net of tax
c.) increase by 153% or **₱1.1*M*** of the share in other comprehensive income of associates
d.) decrease by 17% or **₱496k** of the exchange differences in foreign currency translation

Key Performance Indicator

Financial Ratios Consolidated Figures	**Audited 12/31/2021**	**Audited 12/31/2020**
Current ratio[1]	2.99:1	2.50:1
Current Debt to Equity Ratio[2]	0.26:1	0.34:1
Total Debt to Equity ratio[3]	0.44:1	0.53:1
Return on Assets[4]	5.26%	4.67%
Return on Equity[5]	7.77%	7.15%

[1]Current assets/Current liabilities
[2]Current liabilities/Stockholders' equity
[3]Total liabilities/Stockholders' equity
[4]Net income/Average Total assets
[5]Net income/ Average Stockholders' equity

Current ratio increased from 2.50:1 to 2.99:1 in 2021 primarily due to net increase in current assets with 27% or ₱ 975.8 million relative to the increase by 6% of ₱88.7 million of current liabilities. The increase in current assets was brought by the cash received from the proceeds of preferred shares offering. This ratio is a liquidity ratio that measures the Company's ability to pay short-term obligations or those within one year.

Current debt to equity ratio decreased from 0.34:1 to 0.26:1 in 2021 was due to the the increase in equity by 40% or ₱ 1.7 billion as against the increase in current liabilities of 6% or ₱88.7 million. The ratio indicates how much equity is available to cover the current debt.

Total debt to equity ratio decreased from 0.53:1 to 0.44:1 in 2021 as a result of net increase in equity brought about by the issuance of preferred shares as well as the net income earned during the period and other comprehensive income after deducting treasury shares. Although the total liabilities increased by 18% or ₱403.9 million, the shareholders' equity increased by 40% or ₱1.7 billion. This ratio evaluates a company's financial leverage and is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.

Return on assets (ROA) increased in 2021 from 4.67% to 5.26% due to the net income after tax of ₱397.6 million which increased by 35% or ₱103.4 million relative to the increase in the average total assets. ROA measures how efficient the company uses the assets it owns to generate profits.

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Return on equity (ROE) also increased from 7.15% to 7.77% in 2021. The increase in net income after tax by 35% or ₱103.4 million relative to the increase in the average total equity ROE measures the Corporation's profitability in relation to stockholders' equity.

Financial soundness indicators are also shown on Exhibit I, page 89.

Prior Period (2020 & 2019) Operational and Financial Information

Financial Condition

			Horizontal Analysis Increase (Decrease)		Vertical Analysis	
In Thousand Pesos	Audited 2020	Audited 2019	Amount	%	Audited 2020	Audited 2019
Current Assets	**3,666,756**	3,213,597	453,159	14%	**56%**	53%
Noncurrent Assets	**2,835,696**	2,881,868	(46,172)	-2%	**44%**	47%
Total Assets	**6,502,452**	6,095,465	406,987	7%	**100%**	100%
Current Liabilities	**1,465,955**	1,312,702	153,253	12%	**23%**	22%
Noncurrent Liabilities	**782,065**	806,277	(24,213)	-3%	**12%**	13%
Equity	**4,254,433**	3,976,486	277,947	7%	**65%**	65%
Total Liabilities and Equity	**6,502,452**	6,095,465	406,987	7%	**100%**	100%

A Brown Company - CONSOLIDATED
Statement of Financial Position items – December 2020 vs. December 2019

The Group's total assets increased by 7**% or ₱407.0 million,** from a balance of **₱6.1 billion** as of end of the year 2019 to **₱6.5 billion** as of December 31, 2020.

Current Assets increased by 14% or ₱453.2 million as a result of the net effect of the following:

208% or* ₱156.3M *increase in Cash – due to the net effect of the net cash provided by operating and investing activities and net cash used by financing activities.

35% or ₱262.7M increase in Current Portion of Receivables – net due to the net effect of:

f) **24% or ₱44.2M decrease in dividend receivable -** due to collection of previously declared dividend net of the recently declared dividend
g) **71% or ₱319.9M increase in installment contract receivables on sale of real estate** - due to reclassification of contract assets and noncurrent ICRs to current ICRs in 2020
h) **45% or ₱6.1M increase in Trade Receivable** – directly related from the receivable from water service and sale of crude palm oil (CPO), palm olein, palm stearin and other palm products
i) **126% or ₱1.7M increase in advances to officers and employees** – due to the increase in the advances of employees for liquidation
j) **17% or ₱17.0M decrease in other receivables -** due to the collection of receivable from sale of equity instrument
f.) 798% or ₱3.8M increase in allowance for impairment losses - pertain to increase in the allowance for impairment losses

41% or ₱52.6M decrease in Current portion of Contract Assets – pertains to the reclassification of contract assets to ICRs since these are already due for collection

1% or ₱7.9M decrease in Real estate inventories – due to the net effect of the development of new projects as against units sold in all projects

4% or ₱6.5M decrease in Inventories – due to higher inventory turn-over of crude palm oil

3% or ₱3.3M increase in Advances to a related party – this pertains to additional advances to a related party made during the year

100% or ₱63.5*M decrease in Equity Instruments at Fair Value through Profit and Loss (EIFVPL)* – the reduction is due to the sale of equity instruments at FVPL

46% or ₱161.4M increase in Other current assets – due to the net effect of:

a) 98% or ₱158.3M increase in deposit for land acquisition – as a result of installment payments to the sellers of land where sales contracts have yet to be executed
b) 27% or ₱26.4M decrease in creditable withholding taxes – as a result of lower creditable withholding taxes on sale of real estate versus utilization of creditable withholding taxes.
c) 41% or ₱27.7M increase in prepaid expenses – directly related to increase in prepaid expenses made by the group during the year
d) 2% or ₱350k decrease in prepaid commission – directly related to decrease pre-payments of commission to brokers and marketing agents
e) 2% or ₱166k increase in other refundable deposits
f) 741% ₱2.5M increase in other current assets – miscellaneous – increase in advances to suppliers and contractors.

Non-Current Assets decreased by 2% or ₱46.2 million as a result of the net effect of the following:

82% or ₱119.9M decrease in Non-current portion of Receivables-net – due to reclassification to current ICR since these are already due for collection

227% or ₱14.3M increase in Non-current portion of Contract Assets – due to increase in sales to which revenue is already recognized to the extent of POC prior to billing.

5% or ₱8.0*M increase in Equity Instruments at Fair Value through Other Comprehensive Income (EIFVOCI)* – due to the increase in share price of equity instruments at FVOCI

₱157k increase in Investment in Associates – due to the Group's share/equity in the net profit of associates which is higher as compared to dividend received and/or receivable during the year

4% or ₱32.2M increase in Property, Plant and Equipment - net due to the net effect in:

a) 8% or ₱6.5M decrease in Leasehold improvements – net due to depreciation
b) 5% or ₱14.5M decrease in Bearer Plants – net due to depreciation and impairment of bearer plants-trees
c) 4% or ₱10.5M decrease in RBD and Fractionation Machineries - net due to depreciation

d) 1% or ₱124k decrease in Building and Improvements - net due to depreciation and reclassifications
e) 2% or ₱2.9M decrease in Machinery and Equipment- net due to higher depreciation as compared to new additions and disposal
f) 148% or ₱63.8M increase in Construction in Progress - net due to additions of assets acquired from Vires Energy Corporation (VEC)
g) 4% or ₱1.1M decrease in Right-of-Use Assets – net due to amortization
h) 16% or ₱4M increase in Other equipment – net due to new purchases which is higher than the depreciation and disposal

27% or* ₱3.5M *increase in Deferred Tax Assets – directly related to the increase in the tax effect of the allowance for impairment loss on PPE and increase in tax effect of retirement liability of the group during the year.

11% or ₱15.7M increase in Other Non-current assets – due to the increase in refundable deposits - net of current portion by 9% or ***₱3.3M*** and increase advances to third party by 12% or ***₱12.6M***.

Total liabilities increased by 6% or* ₱129.0 *million as a result of the net effect on current and no-current liabilities:

Current liabilities increased by *12% of ₱153.3 million* as a result of the net effect of the following:

8% ***or ₱45.9M*** *increase* ***in Accounts payable and accrued expenses*** – primarily due to the net effect of the following:

a) 3% or ₱13.9M decrease in trade accounts payable – due to decrease trade payables
b) 37% or ₱40.3M increase in accrued expenses – due to accrual of contractual services, professional fees, rentals and other recurring expenses
c) 64k increase in retention payable- due to increase in the amount withheld by the Group on contractor's billings
d) 281% or ₱22.4M increase in statutory payables – due to increase in dues for remittance to SSS, PHIC, HDMF and withholding taxes
e) 58% or ₱3.0M decrease in accrued interest payable – due to decrease in accrued interest

21% or* ₱29.5*M increase in Contract liabilities – due to the net effect of the new sales reservations of new projects and increase in book sales settled through end buyer's financing.

10% or* ₱36.1*M increase in Short term Debt – due to the net effect additional loan availed and payments made by the group during the year and is also due to reclassification of short-term debt to long-term loans

20% or* ₱41.8*M increase in Current portion of long-term debt – effect on the current year due against paid in 2020

Non-Current liabilities decreased by 3% or* ₱24.2 *million as a result of the net effect of the following:

7% or *₱42.62M decrease in Non-current portion of long-term debt* – due to the net effect of the repayments, increase in long term loans availed and reclassification of the principal amount that will be due within one year.

32% or* ₱14.8*M increase in Retirement liability – as a result of the actuarial valuation of the retirement benefit obligation of the existing employees

2% or* ₱3.6*M increase in Deferred tax liabilities - due to the increase in the tax effect of sales on deferred payment scheme

Equity increased by *7%* or ₱277.9 million as a result of the net effect of the following:

26% or ₱294.1M increase in the Retained Earnings – the increase pertains to the net income of the group

2,094221% or ₱22.2M increase in the Treasury Shares – the increase pertains to the shares buy-back program of the Company which started on August 17, 2020.

3% or ₱*8.0M increase in Fair Value Reserve of EIFVOCI* – due to the increase in market value of available for sale investments

731k increase in Remeasurement loss on defined benefit plan of an associate, net of tax - pertains to the actuarial loss incurred by an associate's retirement plan

26% or* ₱5.2*M decrease in Cumulative re-measurement loss on retirement benefits, net of tax – related to the actuarial valuation of retirement benefits obligation

297% or* ₱3.0*M increase in Cumulative translation adjustment – related to the exchange differences in foreign currency translation

Results of Operation

In Thousand Pesos	Audited 2020	Audited 2019	Audited 2018	Horizontal Analysis Increase (Decrease) Amount 2020 vs 2019	%	Amount 2019 vs 2018	%	Vertical Analysis Audited 2020	Audited 2019	Audited 2018
Real estate sales	**761,538**	942,736	705,186	(181,197)	-19%	237,550	34%	**88%**	92%	85%
Sale of agricultural goods	**79,089**	63,725	100,440	15,364	24%	(36,716)	-37%	**9%**	6%	12%
Water service income	**23,417**	21,350	20,442	2,068	10%	908	4%	**3%**	2%	2%
REVENUES	**864,044**	1,027,810	826,068	(163,766)	-16%	201,742	24%	**100%**	100%	100%
Cost of real estate sales	**353,432**	355,232	293,666	(1,800)	-1%	61,566	21%	**41%**	35%	36%
Cost of agricultural goods sold	**60,136**	49,685	82,826	10,451	21%	(33,141)	-40%	**7%**	5%	10%
Cost of water service income	**5,733**	11,990	9,625	(6,256)	-52%	2,364	25%	**1%**	1%	1%
COST OF SALES AND SERVICES	**419,300**	416,906	386,117	2,394	1%	30,789	8%	**49%**	41%	47%
GROSS PROFIT	**444,744**	610,904	439,951	(166,160)	-27%	606,110	-365%	**51%**	59%	53%
General, Administrative and Selling Expenses	**273,386**	287,159	335,961	(13,774)	-5%	(48,801)	-15%	**32%**	28%	41%
Equity in net earnings of associates	**175,889**	380,304	252,093	(204,415)	-54%	128,211	51%	**20%**	37%	31%
Interest expense	**(25,246)**	(23,059)	(84,031)	(2,187)	9%	60,972	-73%	**-3%**	-2%	-10%
Realized gain (loss) on sale of EIFVPL	**12,478**	(32,095)	10,099	44,573	-139%	(42,194)		**1%**	-3%	1%
Gain on bargain purchase	**2,659**	-	-	2,659		-	#DIV/0!	**0%**	0%	0%
Unrealized foreign exchange gain (loss)	**1**	11	14,705	(10)	-89%	(14,694)	-100%	**0%**	0%	2%
Unrealized gain (loss) on EIFVPL	**-**	(43,514)	16,673							
Other income (expense) - net	**8,784**	20,993	35,301	(12,209)	-58%	(14,307)	-41%	**1%**	2%	4%
Other Income (Expenses)	**174,566**	302,640	244,839	(128,074)	-42%	57,801	24%	**20%**	34%	28%
Income (Loss) Before Income Tax	**345,924**	626,385	348,830	(280,460)	-45%	277,555	80%	40%	61%	42%
Provision for (Benefit from) Income Tax	**51,820**	131,592	60,074	(79,771)	-61%	71,518	119%	6%	13%	7%
NET INCOME (LOSS)	**294,104**	494,793	288,756	(200,689)	-41%	206,037	71%	34%	48%	35%
Cumulative translation adjustment	**2,994**	4,111	(6,585)	(1,117)	-27%	10,696	-162%			
Net change in fair value of EIFVOCI	**8,026**	(1,086)	28,900	9,112	-839%	(29,986)	-104%			
Remeasurement gain (loss) on defined benefit plan-net of tax	**(5,210)**	(10,048)	4,806	4,839	-48%	(14,855)	-309%			
Equity in other comprehensive loss of associate	**(732)**	-	-	(732)		-				
OTHER COMPREHENSIVE INCOME (LOSS)	**5,078**	(7,023)	27,122	12,102	-172%	(34,145)	-126%			
TOTAL COMPREHENSIVE INCOME (LOSS)	**299,182**	487,770	315,878	(188,587)	-39%	171,892	54%			

A Brown Company - CONSOLIDATED
Results of Operations
For the Year Ended December 31, 2020

The consolidated financial statements for the year ending December 31, 2020 resulted to an after-tax net income of **₱294.1 million** compared to a **₱494.8 million** net income of last year due to the net effect of the following:

16% or ₱163.8M increase in Revenues due to:

- ***a) Decrease in Real estate Sales by 19% or ₱181.2M*** - Sales in 2019 were mostly high end and economic units compared to the sales this year
- ***b) Increase in Sales of crude palm oil by 24% or ₱11.2M –*** this is due to the increase in quantity sold by 33% or 534 metric tons, from a volume of 1,606 metric tons in 2019 to 2,140 metric tons in 2020; the average selling price increased by **₱1,887** per metric ton from **₱28,608** per metric ton last year to **₱26,721** per metric ton in 2020.
- ***c) Increase in Palm Fatty Acid Distillate Sales by 828% or ₱4.8M –*** this is due to the increase in quantity sold by 459% or 248 metric tons, from a volume of 54 metric tons in 2019 to 302 metric tons in 2020; the average selling price increased by **₱7,083** per metric ton from **₱10,714** per metric ton last year to **₱17,797** per metric ton in 2020.
- ***d) Decrease in Palm Olein Sales by 2% or ₱0.2M –*** this is due to the decrease in quantity sold by 23% or 61,597 metric tons, from a volume of 268,057 metric tons in 2019 to 206,460 metric tons in 2020; the average selling price decreased by **₱9.7** per metric ton from **₱35.6** per metric ton in 2019 to **₱45.4** per metric ton in 2020.
- ***e) Increase in Palm Stearin Sales by 284% or ₱2.5M -*** this is due to the increase in quantity sold by 218% or 132 metric tons, from a volume of 61 metric tons in 2019 to 193 metric tons in 2020; the average selling price increased by **₱2,980** per metric ton from **₱14,286** per metric ton in 2019 to **₱ 17,266** per metric ton in 2020
- ***f) Decrease in Kernel Nuts by 100% or ₱1.3M -*** the decrease is due to no sale of kernel nuts for this year
- ***g) Decrease in Palm Kernel Cake by 91% or ₱3.3M–*** this is due to the decrease in quantity sold by 71% or 321 metric tons, from a volume of 453 metric tons in 2019 to 132 metric tons in 2020; the average selling price decreased by **₱5,409** in 2020.
- ***h) Increase in sale of Palm acid oil by 91% or ₱1.7M -*** this is due to the increase in quantity sold by 25% or 57 metric tons, from a volume of 224 metric tons in 2019 to 281 metric tons in 2020; the average selling price increased by **₱4,273** per metric ton from **₱8,197** per metric ton in 2019 to **₱ 12,469** per metric ton in 2020
- ***i) Increase in Sales from water services by 10% or ₱2.1M*** due to the increase in the turn-over of units and consumption of water by residents

1% or ₱2.4M increase in Cost of Sales and Services due to:

- *a.)* ***1% or ₱1.8M decrease in cost of real estate –*** the decrease is relatively due to lower sales of high end and economic units during year as compared in 2019
- *b.)* ***21% or ₱7.5M increase in cost of production of Crude palm oil –*** the increase is relatively due to the proportionate increase in sales of crude palm oil
- *c.)* ***680% or ₱5.5M increase in cost of Palm Fatty Acid Distillate -*** the increase is relatively to the proportionate to the increase in sales of palm fatty acid distillate
- *d.)* ***Decrease in cost of Kernel Nuts by 100% or ₱661k -*** the decrease is due to no sale of kernel nuts for this year
- *e.)* ***Decrease in cost of Palm Acid Oil by 8% or ₱160k –*** the decrease is related to lower cost of production as compared last year
- *f.)* ***Increase in cost of Palm Olein by 26% or ₱1.1M*** - the increase is due to the increase in the cost of producing palm olein
- *g.)* **Increase in cost of Palm Stearin by 39% or ₱705k-** the increase is directly related to the increase sale of palm stearin
- *h.)* ***Decrease in cost of water services by 52% or ₱6.3M –*** due to the reduced costs related to rendering water services

5% or ₱13.8M decrease in General, Administrative and Selling Expenses - due to the following net effect of:

- **a)** ***10% or ₱8.4M decrease in Personnel expenses -*** due to the lower compensation and other benefits for those who filled-up vacancies in manpower in 2020
- **b)** ***22% or ₱11.3M decrease in Marketing expenses –*** due to the decrease in various sponsorships of events for ads and promotions and various training activities of accredited real estate brokers and agents of the parent company
- **c)** 43% or **₱9.4*M increase in Impairment Loss*** – this pertains to the impairment of bearer plants-trees
- **d)** **3%** or **₱764k increase in Taxes and Licenses** – pertains to the increase in documentary stamp taxes on loans in 2020 and application of tax credit with LGU
- **e)** **36%** or **₱4*M increase*** in **Outside Services** - due to the increase in requirement on additional project
- **f)** ***33% or ₱3.3M decrease in Professional Fees*** – directly related to the decrease in consultancy services incurred by the group
- **g)** ***11% or ₱2.8M increase in Depreciation –*** due to increase wear and tear and usage of PPEs
- **h)** ***36% or ₱4.8M decrease in Rental expense*** – due to prepaid land rights reclassification to ROU asset in 2019; hence, a decrease in rent expense (from prepaid land rights)
- **i)** ***4% or ₱323k decrease in Utilities and supplies –*** due to the decrease in usage of utilities and supplies during the year.
- ***j)*** ***75% or P4.9M increase in Transportation and Travel***– directly related to the various site visitations for real estate projects, plantation operations and power group operations.
- ***k)*** ***44% or ₱2.2M increase in Retirement Benefits expense***
- ***l)*** ***22% or ₱992k decrease in Repairs and Maintenance*** – due to the decrease in cost of repairs and maintenance during the year.
- ***m)*** ***41% or ₱221k decrease in Insurance –*** due to reduction of properties and units insured
- **n)** ***61% or ₱578k increase in Director Fees –*** directly related to the per diem paid to directors on various directors' meetings conducted during the year.
- **o)** ***16% or ₱3.1M decrease in Others –*** pertain to expenses arising from business and research development and software maintenance

54% or ₱204.4M decrease in Share in net income (loss) of associates – this pertains to the group's 20% share on the net income of associates, e.g. PCPC and Peakpower Energy, Inc. totaling to **₱176*M versus* ₱ 380.4*M***, dividends of **₱175*M versus* ₱182.2*M*** and 33.33% share in the net loss of EWRTC

100% or ₱43.5*M decrease in Unrealized gain (loss) on sale of equity instruments at fair value through profit and loss (EIFVPL)* – this pertains to the decrease in unrealized gain (loss) on sale of equity instruments with none for 2020 as compared to 2019. As of end of 2020, EIFVPL is zero.

139% or ₱44.6*M increase in Realized Gain on sale of equity instruments at fair value through profit and loss (EIFVPL)* – this pertains to the sale of equity instruments in 2020 that were classified as EIFVPL in 2018 upon adoption of PFRS 9

89% or ₱9.5k decrease in Unrealized foreign exchange gain (loss) – this pertains to the related to the lower foreign exchange gain translation

9% or ₱2.2M increase in Interest Expense – directly related to the group's various loan availment

58% or ₱12.2M decrease in Other Income - net – due to the net effect of the following:

- *a.)* ***Increase in Income from forfeited deposits by 86% or ₱1.1M*** – foreclosed accounts in 2019 is lower compared to that of this year.
- *b.)* ***Increase in Dividend Income by 201k*** – this pertains dividend income received from EIFVOCI
- *c.)* ***Decrease in Gain on sale of Investment Property by 100% or ₱5.1M*** – this pertains to sale of investment property in 2019
- *d.)* ***Decrease in Gain on disposal of PPE by 105% or ₱3.7M*** – this pertains to the sale of machinery and other equipment which is higher in 2019 as compared in 2020
- *e.)* ***Decrease in Interest income by 25% or ₱696k*** – due to the decrease in the in-house financing of real estate sales this year as compared last year.
- *f.)* ***Decrease in Other income by 48% or P4M*** – income from tapping fees due to decrease turn-over of units; transfer fees and other water charges

Key Performance Indicator

Financial Ratios Consolidated Figures	Audited 12/31/2020	Audited 12/31/2019
Current ratio[1]	2.50:1	2.45:1
Current Debt to Equity Ratio[2]	0.34:1	0.33:1
Total Debt to Equity ratio[3]	0.53:1	0.53:1
Return on Assets[4]	4.67%	8.56%
Return on Equity[5]	7.15%	13.26%

[1]*Current assets/Current liabilities*
[2]*Current liabilities/Stockholders' equity*
[3]*Total liabilities/Stockholders' equity*
[4]*Net income/Average Total assets*
[5]*Net income/ Average Stockholders' equity*

Prior Period (2019 & 2018) Operational and Financial Information

Financial Condition

In Thousand Pesos	Audited 2019	Audited 2018	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis Audited 2019	Audited 2018
Current Assets	**3,213,597**	2,799,762	413,835	15%	**53%**	51%
Noncurrent Assets	**2,881,868**	2,666,464	215,404	8%	**47%**	49%
Total Assets	**6,095,465**	5,466,226	629,239	12%	**100%**	100%
Current Liabilities	**1,312,702**	1,618,936	(306,233)	-19%	**22%**	30%
Noncurrent Liabilities	**806,277**	358,575	447,703	125%	**13%**	7%
Equity	**3,976,486**	3,488,716	487,770	14%	**65%**	64%
Total Liabilities and Equity	**6,095,465**	5,466,226	629,239	12%	**100%**	100%

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Balance Sheet items – December 2019 vs. December 2018

The Group's total assets increased by 12**% or ₱629.2 million,** from a balance of **₱5.5 billion** as of end of the year 2018 to **₱6.1 billion** as of December 31, 2019.

Current Assets increased by 15% or ₱414 million as a result of the net effect of the following:

1% or ₱730k decrease in Cash – due to the net effect of the net cash provided by operating and investing activities and net cash used by financing activities.

389% or ₱593.7M increase in Current Portion of Receivables due to the net effect of:

a) **128% or ₱102.2M increase in dividend receivable** – due to the declaration of dividends by an associate
b) **624% or ₱516M increase in installment contract receivables on sale of real estate** – due to classification of land portion of sold inventories per PIC Q & A No. 2018-12 and PIC Q & A No. 2018-14
c) **173% or ₱8.6M increase in Trade Receivable** – directly related from the receivable from water service and sale of crude palm oil (CPO), palm olein, palm stearin and other palm products
d) **15% or ₱12.3M increase in other receivables -** pertain to increase in receivables for the sale of equity

45% or ₱104.2M decrease in Current portion of Contract Assets – due to classification of land portion of sold inventories

1% or ₱15.8M decrease in Real estate inventories – due to the net effect of the development of new projects as against units sold in all projects

3% or ₱4.4M increase in Inventories – due to lower inventory turn-over of crude palm oil

32% or ₱27.5M increase in Advances to a related party – this pertains to additional advances to a related party made during the year

73% or ₱169.7*M decrease in Equity Instruments at Fair Value through Profit and Loss (EIFVPL)* – the reduction is due to the decrease in share price of and sale of equity instruments at FVPL

29% or ₱78.7M increase in Other current assets – due to the net effect of:

a) 23% or ₱29.8M increase in deposit for land acquisition – as a result of installment payments to the sellers of land where sales contracts have yet to be executed
b) 54% or ₱34.4M increase in creditable withholding taxes – as a result of higher creditable withholding taxes on sale of real estate versus utilization of creditable withholding taxes.
c) 11% or ₱6.9M increase in prepaid expenses – directly related to increase in prepaid expenses made by the group during the year
d) 35% or ₱4.2M increase in prepaid commission – directly related to increase pre-payments of commission to brokers and marketing agents
e) 88% or ₱3.4M increase in other refundable deposits

Non-Current Assets increased by 8% or ₱215.4 million as a result of the net effect of the following:
43% or ₱43.8M increase in Non-current portion of Receivables-net – due to the lower collectible of long-term receivables

92% or ₱71.4M decrease in Non-current portion of Contract Assets – due to classification of land portion of sold inventories

1% or ₱*1.1M decrease in Equity Instruments at Fair Value through Other Comprehensive Income (EIFVOCI)* – due to the decrease in share price of equity instruments at FVOCI

16% or ₱198.1M increase in Investment in Associates – due to the Group's share/equity in the net profit of associates which is higher as compared to dividend received and/or receivable during the year

16% or ₱18.1M decrease in Investment Properties – due to the effect of the transfer of land held for capitalization to real estate held for sale

1% or ₱11.8M decrease in Property, Plant and Equipment **-** net due to the net effect in:
a) 8% or ₱6.5M decrease in Leasehold improvements – net due to depreciation
b) 5% or ₱16.6M decrease in Bearer Plants – net due to depreciation and impairment of bearer plants-trees
c) 4% or ₱10.1M decrease in RBD and Fractionation Machineries - net due to depreciation
d) 9% or ₱0.8M decrease in Building and Improvements - net due to depreciation
e) 4% or ₱4.4M decrease in Machinery and Equipment- net due to higher depreciation as compared to new additions and disposal
f) 48% or ₱26.6M increase in Other equipment – net due to new purchases is higher than the depreciation and disposal and due to recognition of ROU asset in effect of PFRS 16 adoption

4% or ₱481k increase in Deferred Tax Assets – directly related to the increase in the tax effect of the allowance for impairment loss on PPE and increase in tax effect of retirement liability of the group during the year.

115% or ₱75.4M increase in Other Non-current assets – due to the increase in refundable deposits - net of current portion and advances to third party.
Total liabilities increased by 7% or ₱141.5 million as a result of the net effect on current and no-current liabilities:

Current liabilities decreased by *19% of ₱306.2 million* as a result of the net effect of the following:
8% or 44 million increase ***in Accounts payable and accrued expenses*** – primarily due to the net effect of the following:
a) 6% or ₱22.5M increase in trade accounts payable
b) 32% or ₱26.3M increase in accrued expenses
c) 37% or ₱8.9M increase in retention payable
d) 32% or ₱3.8M decrease in statutory payables
e) 48% or ₱4.8M decrease in accrued interest payable
f) 71% or ₱4.2M decrease in other payables

104% or ₱71.1M increase in Contract liabilities and Deposit from Customers – due to the net effect of the new sales reservations of new projects and increase in book sales settled through end buyer's financing.

45% or* ₱308.9*M decrease in Short term Debt – due to the net effect additional loan availed and payments made by the group during the year and is also due to reclassification of short-term debt to long-term loans

***35% or* ₱113.3*M decrease in Current portion of long-term debt* –** effect on the current year due against paid in 2019

Non-Current liabilities increased by 125% or* ₱447.7 *million as a result of the net effect of the following:
124% or ₱*337.2M increase in Non-current portion of long-term debt* – due to the net effect of the repayments, increase in long term loans availed and reclassification of the principal amount that will be due within one year.

***62% or* ₱17.8*M increase in Retirement liability* –** as a result of the actuarial valuation of the retirement benefit obligation of the existing employees

160% or* ₱92.8*M increase in Deferred tax liabilities - due to the increase in the tax effect of sales on deferred payment scheme and the adoption of PFRS 15.

Equity increased by *14%* or ₱487.8 million as a result of the net effect of the following:

₱*1.1M decrease in Fair Value Reserve of EIFVOCI* – due to the decrease in market value of available for sale investments

76% or* ₱*494.9M increase in the Retained Earnings – the increase pertains to the net income of the group

68% or* ₱8.9*M decrease in the Other Components of Equity – due to the net effect of the following:

- ***100% or* ₱10*.0M increase in Cumulative re-measurement loss on retirement benefits***, net of tax – related to the actuarial valuation of retirement benefits obligation
- ***132% or* ₱4*.1M increase in Cumulative translation adjustment*** – related to the exchange differences in foreign currency translation

Results of Operation

In Thousand Pesos	Audited 2019	Audited 2018	Audited 2017	Horizontal Analysis Increase (Decrease) Amount 2019 vs 2018	%	Amount 2018 vs 2017	%	Vertical Analysis Audited 2019	Audited 2018	Audited 2017
Real estate sales	**942,736**	705,186	470,335	237,550	34%	234,850	50%	**92%**	85%	85%
Sale of agricultural goods	**63,725**	100,440	62,845	(36,716)	-37%	37,596	60%	**6%**	12%	11%
Water service income	**21,350**	20,442	18,245	908	4%	2,197	12%	**2%**	2%	3%
REVENUES	**1,027,810**	826,068	551,425	201,742	24%	274,643	50%	**100%**	100%	100%
Cost of real estate sales	**355,232**	293,666	235,024	61,566	21%	58,642	25%	**35%**	36%	43%
Cost of agricultural goods sold	**49,685**	82,826	50,887	(33,141)	-40%	31,939	63%	**5%**	10%	9%
Cost of water service income	**11,990**	9,625	7,643	2,364	25%	1,983	26%	**1%**	1%	1%
COST OF SALES AND SERVICES	**416,906**	386,117	293,553	30,789	8%	92,564	32%	**41%**	47%	53%
GROSS PROFIT	**610,904**	439,951	257,872	170,953	39%	86,919	51%	**59%**	53%	47%
General, Administrative and Selling Expenses	**265,202**	318,401	253,654	(53,199)	-17%	64,748	26%	**26%**	39%	46%
Share in net income (loss) of associates	**380,304**	252,093	92,018	128,211	51%	160,075	174%	**37%**	31%	17%
Gain on sale of AFS investments	**-**	-	265,838	-		(265,838)	-100%	**0%**	0%	48%
Unrealized gain (loss) on EIFVPL	**(43,514)**	10,099	-							
Gain on sale of EIFVPL	**(32,095)**	50,039	-	(82,134)	-164%	50,039		**-3%**	6%	0%
Unrealized foreign exchange gain (loss)	**11**	14,705	347	(14,694)	-100%	14,358	4133%	**0%**	2%	0%
Impairment loss	**(21,957)**	(17,560)	-	(4,397)	25%	(17,560)		**-2%**	-2%	0%
Interest expense	**(23,059)**	(84,031)	(85,542)	60,972	-73%	1,511	-2%	**-2%**	-10%	-16%
Other income (expense) -net	**20,993**	12,033	18,906	8,960	74%	(6,873)	-36%	**2%**	1%	3%
Other Income (Expenses)	**280,683**	237,379	291,567	43,304	18%	(54,188)	-19%	**32%**	28%	53%
Income (Loss) Before Income Tax	**626,385**	358,929	295,786	267,456	75%	63,143	21%	61%	43%	54%
Provision for (Benefit from) Income Tax	**131,592**	60,074	(3,796)	71,518	119%	63,870	-1682%	13%	7%	-1%
NET INCOME (LOSS)	**494,793**	298,855	299,582	195,938	66%	(727)	0%	48%	36%	54%
Remeasurement gain (loss) on defined benefit plan-net of tax	**(10,048)**	4,806	(1,212)	(14,855)	-309%	6,019	-496%			
Exchange difference in foreign currency translation	**4,111**	(6,585)	3,480	10,696	-162%	(10,065)	-289%			
Net change in fair value of EIFVOCI and AFS investments	**(1,086)**	28,900	(613,818)	(29,986)	-104%	642,718	-105%			
OTHER COMPREHENSIVE INCOME (LOSS)	**(7,023)**	27,122	(611,550)	(34,145)	-126%	638,672	-104%			
TOTAL COMPREHENSIVE INCOME (LOSS)	**487,770**	325,977	(311,968)	161,793	50%	637,945	-204%			

A Brown Company - CONSOLIDATED
Results of Operations
For the Year Ended December 31, 2019

The consolidated financial statements for the year ending December 31, 2019 resulted to an after-tax net income of **₱494.8 million** compared to a **₱288.8 million** net income of last year due to the net effect of the following:

24% or ₱201.7M increase in Revenues due to:

a) ***Increase in Real estate Sales by 34% or ₱237.6M*** - Sales in 2019 were mostly high end and economic units compared to last year which were mostly economic and socialized housing units
b) ***Decrease in Sales of crude palm oil by 39% or ₱29.3M –*** this is due to the decrease in quantity sold by 34% or 840 metric tons, from a volume of 2,446 metric tons in 2018 to 1,606 metric tons in 2019; the average selling price decreased by **₱1,010** per metric ton from **₱29,628** per metric ton last year to **₱28,618** per metric ton in 2019.
c) ***Increase in Palm Fatty Acid Distillate Sales by 49% or ₱192k –*** this is due to the increase in quantity sold by 199% or 36 metric tons, from a volume of 18 metric tons in 2018 to 54 metric tons in 2019; the average selling price decreased by **₱10,709** per metric ton from **₱21,423** per metric ton last year to **₱10,714** per metric ton in 2019.
d) ***Decrease in RBDO Sales by 100% or ₱6.5M–*** this is due to the decrease in quantity sold by 100% or 165 metric tons, from a volume of 165 metric tons in 2018 to none metric tons in 2019; the average selling price was P39,394 in 2018
e) ***Increase in Palm Olein Sales- net by 14% or ₱1.2M –*** this is due to the decrease in quantity sold by 131572% or 267,854 metric tons, from a volume of 204 metric tons in 2018 to 268,057 metric tons in 2019; the average selling price decreased by **₱4,075** per metric ton from **₱41,111** per metric ton in 2018 to **₱35.54** per metric ton in 2019.
f) ***Decrease in Palm Stearin Sales by 82% or ₱3.9M -*** this is due to the decrease in quantity sold by 62% or 101 metric tons, from a volume of 161 metric tons in 2018 to 61 metric tons in 2019; the average selling price decreased by **₱15,175** per metric ton from **₱29,461** per metric ton in 2018 to **₱ 14,286** per metric ton in 2019
g) ***Decrease in Kernel Nuts by 57% or ₱1.8M -*** this is due to the decrease in quantity sold by 54% or 122 metric tons, from a volume of 225 metric tons in 2018 to 102 metric tons in 2019; the average selling price decreased by **₱467** per metric ton from **₱13,945** per metric ton in 2018 to **₱13,478** per metric ton in 2019
h) ***Increase in Palm Kernel Cake by 100% or ₱3.6M–*** this is due to the increase in quantity sold by 100% or 453 metric tons, from a volume of zero metric tons in 2018 to 453 metric tons in 2019; the average selling price was P7,958 in 2019.
i) ***Decrease in sale of Palm acid oil by 12% or ₱245k -*** this is due to the decrease in quantity sold by 11% or 22 metric tons, from a volume of 202 metric tons in 2018 to 224 metric tons in 2019; the average selling price decreased by **₱2,120** per metric ton from **₱10,317** per metric ton in 2018 to **₱ 8,197** per metric ton in 2019
j) ***Increase in Sales from water services by 4% or ₱0.9M*** due to the increase in the turn-over of units and consumption of water by residents

8% or ₱30.8M increase in Cost of Sales and Services due to:

a) ***21% or ₱61.6M increase in cost of real estate –*** the increase is relatively due to sales of high end and economic units during the year as compared to economic and socialized units in 2017 with relatively lower costs
b) ***40% or ₱24.4M decrease in cost of production of Crude palm oil –*** the decrease is relatively due to the proportionate decrease in sales of crude palm oil
c) ***227% or ₱562k decrease in cost of Palm Fatty Acid Distillate -*** the decrease is relatively to the proportionate to the decrease in sales of palm fatty acid distillate
d) ***Decrease in cost of Kernel Nuts by 74% or ₱1.9M -*** the decrease is relatively due to proportionate decrease in sales of kernel nuts

e) ***Decrease in cost of RBDO by 100% or ₱5.5M--*** the decrease is relatively due to proportionate decrease in sales in RBDO
f) ***Decrease in cost of Palm Acid Oil by 13% or ₱0.3M –*** the decrease is directly related to the proportionate decrease sale of palm acid oil
g) ***Decrease in cost of Palm Olein by 45% or ₱3.4M*** - *the decrease is directly related to the decrease sale of palm olein*
h) ***Decrease in cost of Palm Stearin by 56% or ₱2.3M-*** *the decrease is directly related to the decrease sale of palm stearin*
i) ***Increase in cost of water services by 25% or ₱2.4M –*** due to the additional costs related to the proportionate to the increase in sales

17% or ₱53.2M decrease in General, Administrative and Selling Expenses - due to the following net effect of:

a) 12% or ₱10.8M decrease in Personnel expenses - due to the decrease in manpower and other benefits in 2019
b) 8% or ₱4.7M decrease in Marketing expenses – due to the decrease in various sponsorships of events for ads and promotions and various training activities of accredited real estate brokers and agents of the parent company
c) **24%** or **₱8.1*M* decrease in Taxes and Licenses** – pertains to the decrease in documentary stamp taxes on loans in 2019 and application of tax credit with LGU
d) **58%** or **₱15.2*M decrease*** in **Outside Services** - due to the decrease in requirement on additional project
e) 49% or ₱9.7M decrease in Professional Fees – directly related to the decrease in consultancy services incurred by the group
f) 52% or ₱8.6M increase in Depreciation – *due to increase wear and tear and usage of PPEs*
g) 10% or ₱1.5M decrease in Rental expense – due to prepaid land rights reclassification to ROU asset in 2019; hence, a decrease in rent expense (from prepaid land rights)
h) 22% or ₱2.4M decrease in Utilities and supplies – due to the decrease in usage of utilities and supplies during the year.
i) 33% or P3.2M decrease in Transportation and Travel– directly related to the various site visitations for real estate projects, plantation operations and power group operations.
j) 41% or ₱3.6M decrease in Retirement Benefits expense
k) 8% or ₱0.4M decrease in Repairs and Maintenance – due to the decrease in cost of repairs and maintenance during the year.
l) 74% or ₱1.6M decrease in Insurance – due to reduction of properties and units insured
m) 37% or ₱0.5M decrease in Board Meeting expenses – due to the decrease in the number of meetings conducted by the Board of Directors and Board Committees including various materials and other expenses incurred related to board meetings and annual reports in 2019.
n) 30% or ₱0.4M decrease in Director Fees – directly related to the per diem paid to directors on various directors' meetings conducted during the year.
o) 2% or ₱0.4M increase in Others – pertain to expenses arising from business and research development and software maintenance

51% or ₱128.2M increase in Share in net income (loss) of associates – this pertains to the group's 20% share on the net income of associates, e.g. PCPC and Peakpower Energy, Inc. totaling to P380.4M, dividends of 182.2M and 33.33% share in the net loss of EWRTC

293% or ₱48.8*M increase in Gain on sale of equity instruments at fair value through profit and loss (EIFVPL)* – this pertains to the sale of equity instruments that are classified as EIFVPL in 2018 upon adoption of PFRS 9

100% or ₱14.7M decrease in Unrealized foreign exchange gain (loss) – this pertains to the related to the foreign exchange gain translation

25% or ₱4.4M increase in Impairment Loss – this pertains to the impairment of bearer plants-trees

73% or ₱61M decrease in Interest Expense – directly related to the group's various loan availment

41% or ₱14.3M decrease in Other Income - net – due to the net effect of the following:

a) ***Decrease in Management fees income by 100% or ₱16.0M*** – due to the fee received to manage the business operations and administer the associate's affairs received in 2018

b) ***Decrease in Income from forfeited deposits by 78% or ₱4.6M*** – foreclosed accounts in 2019 is lower compared to that of last year.

c) ***Increase in Gain (loss) on sale of Investment Property by ₱5.1M*** – this pertains to sale of investment property in 2019

d) ***Increase in Gain (loss) on disposal of PPE by 190% or ₱509k*** – this pertains to scrap sales

e) ***Increase in Interest income by 20% or ₱460k*** – due to the increase in the in-house financing of real estate sales this year as compared last year.

f) **Decrease** in Rental income by ***100%*** or ***₱905k*** – due to the sale of an Investment Property for lease in 2017 and no rental income in 2019.

g) ***Increase in Other income by 15% or P1.1M*** – income from tapping fees due to increase turn-over of units; transfer fees and other water charges

Key Performance Indicator

Financial Ratios Consolidated Figures	Audited 12/31/2019	Audited 12/31/2018
Current ratio[1]	2.45:1	1.73:1
Current Debt to Equity Ratio[2]	0.33:1	0.46:1
Total Debt to Equity ratio[3]	0.53:1	0.57:1
Return on Assets[4]	8.56%	5.42%
Return on Equity[5]	13.26%	8.66%

[1]*Current assets/Current liabilities*
[2]*Current liabilities/Stockholders' equity*
[3]*Total liabilities/Stockholders' equity*
[4]*Net income/Average Total assets*
[5]*Net income/ Average Stockholders' equity*

Material Event/s and Uncertainties

The Company has no other events to report on the following:

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
b) Any material commitments for capital expenditures.
c) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
d) Any significant elements of income or loss that did not arise from the issuer's continuing operations.
e) Any seasonal aspects that had a material effect on the financial condition or results of operations.
f) Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation
g) All material off-balance sheet transactions, arrangement, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

Prospects of Real Property Development:

Real estate is and will still continue to be a good investment at all economic levels of society (Villegas, 2020). As shelter is one of the three basic necessities of human beings including food and clothing.

There is still a demand for low-cost and economic housing. Households of low-middle income and middle-middle income are the potential buyers. Many of these households are dependent on the foreign exchange remittances from relatives working overseas. Despite the displaced OFWs who have returned to the country due to the pandemic, there still continues to be close to 10 million abroad who are expected to send remittances.

OFW remittances are expected to bounce back after the pandemic is put under worldwide control and Philippines population with a 1.6% growth shall be factors to increase housing demand.

For the upper middle-income households, they are markets for lots only. They also buy house and lots units to either acquire their own homes or invest for these units to be rented out. They are the market to be watched out for in 2020 and 2021 because a great deal of them had businesses who suffered from the pandemic.

The real estate sector is still a major contributor to employment and income growth as it continues to be an attractive choice of investment for both domestic and foreign investors. Looking at the young and growing population, the transition of the country from a low-middle income economy to a high-middle income one, and, the expansion of economic activities to the provinces are some of the reasons for this bullish outlook on the real estate sector.

There is a huge unmet demand for housing thus the local real estate market is seen to be resilient. In a downturn, real estate market will naturally correct itself and will be picking up again. The demand for more than 6 million housing units is very clear (Soriano, 2020).

Real-estate investment trusts or REITs, helping to democratize the Philippine property market by allowing smaller investors to participate in high-value real-estate assets, shall pick up (Santos Knight Frank, 2020).

And more developers will be environmentally conscious which are basic attractions for people who prefer the low-density areas coupled with green, open spaces.

High demand and low interest rates will benefit the residential market greatly once things go relatively back to normal (Colliers International Philippines, 2020).

Sources:
The Resilience of the Real Estate Industry In The Face of the Pandemic, editorial Business Mirror, April 2020
Prospects for the Real Estate Sector, Business Inquirer, September 2020

However, despite the annual increase in real estate developments, the Philippine housing backlog is still high. Industry players foresee that this may even increase in the next years through 2030 if the demand for socialized houses or mass houses in particular is not addressed. Sixty-seven percent (67%) of the housing needs in the country are economic and socialized houses. Demand for low cost and socialized housing is actually increasing faster than what the developers can deliver.

New Housing Need, 2012-2030

Market Segment	*Price Range*	*Units Needed*	*% of TOTAL Need*
Can't Afford/Needs Subsidy	400K & below	1,449,854	23%
Socialized Housing	400K & below	1,582,497	25%
Economic Housing	400K – 1.25M	2,588,897	42%
Low Cost Housing	1.25M – 3M	605,692	10%

Mid Cost Housing	3M – 6M	No need
High End Housing	> 6M	No need
TOTAL Need		6,226,940

Total New Need Average: **345,941** housing units per year

Estimated Backlog by 2030*	
Those who can't afford	832,046
Backlog, as of 2011	3,087,520
Total Housing Backlog, as of 2011	3,919,566
New Housing Need, 2012-2030 (345,941 units/yr X 18 yrs.)	6,226,540
Housing Production Capacity (200,000 units/yr X 18 yrs.)	3,600,000
Backlog by 2030	6,546,106

**If no special housing program is created.*

Source: http://industry.gov.ph/industry/housing/

Plan of Action

Short Term Prospects

Real Property Development:

Being at the forefront in real estate development in Mindanao, the management and the Board of ABCI will continue to pursue its real estate projects in key cities in the Land of Promise. Overtime, ABCI was able to build a reputation and credibility to deliver first class development. It has created a niche in Mindanao and has carved a name to beckon with when it comes to property development. It shall take advantage of the continuous demand in Xavier Estates lots since it is still the preferred place due to its aura. Xavier Estates Phase V-A Ventura Residences offered Ventura Lane and Clusters B&C for the lot-only market. The strongest factor especially among the OFWs and foreigners married to a Filipino are its tree-lined streets now fully-grown, its in-house water system, strict security system, the largest clubhouse in Mindanao as well as having a luxurious view of nature on top of a plateau. Teakwood sales are beginning to pick-up and are also the preferred place compared to its competitors due to its magnificent location which is overlooking the Macajalar Bay. Coral Resort Estates is gaining popularity among local residents due to the tranquility the water front offers. Adelaida Park Residences is ABCI's response to the growing demand for economic house and lot packages.The project gained edge because of its ridgeview linear park and single houses sufficiently spaced from each other. Mountain View Homes Phase 2 attracted teachers, government employees and managers. ABCI will continue to focus on increasing revenue generation and profit through innovation by introducing new products and services that would meet customer expectations and satisfaction, reduction of costs and expenses, and increasing efficiency in its operations to continuously provide the growth of shareholder value. Through its subsidiaries' diversified ventures, it will keep on pursuing businesses which will eventually replace the adhesive and chemical business ABCI was known for.

Cagayan de Oro City projects:
Teakwood Hills: Horizontal development has three (3) phases. Phase 1 & 2 are expected to produce a total of 543 saleable lots after an alteration has been made for the development area of 40 and 5.2 hectares, respectively. Phase 1 is 81% complete while Phase 2 is 100% complete.

On the other hand, **Xavierville Homes** is already 100% complete as to horizontal works. There were 131 saleable lots that were subdivided from the 4.8 hectares of development.

Xavier Estates Phase 5A – Ventura Residences is 100% complete. Cluster A is subdivided to produce 130 saleable house and lot packages which were already completed. Cluster B and C also provided 139 saleable lots. **Ventura Lane** on the other hand is already 100% developed, it offers 30 lots with cuts starting at 250sq.m. Clusters B & C have lot cuts at 110 sq.m.

Xavier Estates Phase 5B – Ventura Residences II also features house and lot units and prime lots. Located at the back of Ventura Residences I, this second phase have the identical house colors of orange and cream as the first phase. House and Lot units are single detached with a lot area of 110 to 170 sq.m. and floor area of 80 sq.m.. Prime lots with lot cuts of 110 to 500 sq.m. are located by the ridge. Its horizontal development is 100% complete while its vertical construction is at 96% complete. The project has 74 units with 48 already complete and two (2) are in progress.

ABCI launched **Adelaida Park Residences**, located in Upper Balulang, Cagayan de Oro. Economic house and lot units are sold in 90sq.m. lot area with floor area of 60 sq.m. and single detached houses in 115-161 sq.m. of 65.5 sq.m. Total development area is 4.4 hectares with a total of 215 saleable units. Its horizontal development is 100% complete while its vertical construction is at 93% complete.

Xavier Estates Phase 6 – Ignatius Enclave features house and lot units and prime lots. House and Lot units are single detached with lot area of 110 to 120 sq.m. and floor area of 60 sq.m. Prime lots have lot cuts of 250 to 400 sq.m. Its horizontal development is 100% complete while its vertical construction is at 81% complete.

The Terraces in Xavier Estates highlights prime cascading ridge lots of 180 to 400 sq.m. in size. Located in the terraces-like land configuration, this area commands a 180-view of the city of Cagayan de Oro and the mountains of Bukidnon and is low dense with less than 46 lots for sale. Its horizontal development is 55% complete.

Socialized Housing project:
St. Therese Subdivision located in mid-Balulang, Cagayan de Oro is a 1.67-hectare socialized housing that will provide 155 lots of which 91 lots have row houses with lot area of 50 sq.m. while 38 units are duplexes and 26 are single-attached with lot area of either 68 sq.m. or 75 sq.m.

Mountain View Homes Phase 1 is located in mid-Balulang, Cagayan de Oro City. This has a development area of 2.3 hectares with 216 saleable house and lots. Project development is 100% accomplished with amenities.

Mountain View Homes Phase 2 with 1.3 hectares development area, it offers 83 saleable houses and lot units. The row houses have lot area of 50 sq.m. and floor area of 26sq.m. while single detached units for economic housing have a lot area of 75-143 sq.m. and floor area of 36-38 sq.m. The project is already 100% done.

Mangoville. The "Sosyal Socialized Housing" project of A Brown Company located in Barangay Agusan, Cagayan de Oro features duplex house designs and with own parking space; with 10-meter wide main roads and 8-meter wide inner roads; with guardhouse and perimeter fence; and with an elevation of 169 meters above sea level overlooking Macajalar Bay. Mangoville is built on a 3.5 hectares area with a total of 235 housing units. Each unit of the duplex house has a lot area of 67.5 sq. m. and a floor area of 22 sq.m. Its horizontal development is 99% complete while its vertical construction is at 84% complete.

Misamis Oriental project:
Another residential development is located in Initao, Misamis Oriental with a total land area of 10 hectares. This development, **Coral Resort Estates** is currently working on its Phase 1 with two clusters. Cluster A has 40 saleable lots and 2 house and lot units with a development area of 2.5 hectares. Cluster B has developmental area of 2.9 hectares with 40 saleable lots. The project has already been 100% accomplished for Cluster A and Cluster B.

Butuan project:
West Highlands Phase 1 is a residential estate located in Brgy. Bonbon, Butuan City with a total development area of 25.9 hectares. Phase 1 of the project is expected to generate 322 saleable lots. The project development is 100% accomplished with spillway, concrete barrier, riprap and spine road.

In October 2017, **West Highlands Phase 2** was launched. West Highlands Phase 2 is a community located beside holes Number 5, 6, 7, 8 of the West Highlands Golf Club. Lot cuts range from 350 sq.m. to 717 sq.m. for Fairway Lots; while Inner Fairway Lots range from 219 sq.m. to 344 sq.m. The project development is 99% done.

Medium to Long-Term Prospects.

Real Property Development:

There is a rise in the demand of housing requirements for middle income, starter families and single market. To address these markets, ABCI intends to develop socialized and economic housing in Cagayan de Oro City.

The Uptown Metropolis located in the east side of Xavier Estates shall soon rise. It shall have a space for a commercial mall, shoppe houses, town houses, condominium and a central business district. This plan shall soon put the uptown area of Cagayan de Oro City in the new places to be.

PROSPECTS OF PALM OIL:

The palm oil industry is a promising enterprise as the palm oil continuously being considered as the most important tropical vegetable oil in the global oils and fats industry, in terms of production and trade.

Key industry players are positive about the bright prospects of increasing palm oil production in the world market not to mention the great demand from the domestic market and the prospect of eventually exporting palm oil globally. This growing demand presents an opportunity for ABERDI to expand its current crude oil capacity of 10 tons per hour to 30 tons per hour. This expansion requires an additional 2,800 hectares of oil palm plantation representing 50% of the additional requirement of 5,500 hectares. Suitable lands for expansion are available in Misamis Oriental and Bukidnon Provinces due to its strategic proximity to the mill. More importantly, these areas have adequate and ideal available land; in good climatic conditions; and has a vast potential area for oil palm plantation.

There are now seven (7) out of nine (9) milling plants in the country which are located in Mindanao. On top of this, two (2) additional milling plants are in the pipeline. Out of the nine (9) plants, two (2) have upgraded into refinery plants. ABERDI is the second next to Caraga Oil Refinery Inc. (CORI).

Plan of Action

To respond to the lack of adequate local production, the management has targeted to develop 2,000 hectares of oil palm plantation in Province of Bukidnon and Misamis Oriental areas through a growership program. As of the end of 2021, about 3,699.085 (gross area) hectares were already acquired for development, of which almost 1,547.96 hectares were planted while about 2,652.62 hectares total area potential for planting. The company is anticipating the signing of agreements with local communities in Misamis Oriental and Bukidnon interested for its expansion program aggregating to 2,000 hectares. Due to the synergy and tax efficiency, ABERDI and Nakeen Corp. have applied for an Amended Articles and Plan of Merger as approved by its Board of Directors and shareholders.

ABERDI's refinery with fractionation machine is now operational in full capacity of 50 MT/day. Likewise, the company is producing Palm Olein, Palm Stearin and Palm Fatty Acid Distillate in bulk sales. In 2016, it has already engaged in branding and packaging of premium cooking oil labelled as "Golden Belle". Its products are now FDA and HALAL-certified.

The company's strategic Route to Market design is divided into two (2) service packages. First service package is direct serve outlets which will cover industrial or food processing companies, supermarkets, hyper-marts, wholesalers, groceries, catering services, hotels and restaurants around Mindanao region. Second service package will be indirect serve outlets like sari-sari stores, traditional food outlets, mini marts, direct household consumptions or specials events markets will serve by our potential Trade Execution Partners (TRP). This

Dealership System has good functional discounts plus variable incentive scheme. This will provide customers and consumers excellent service and good margin to the best quality products.

PROSPECTS OF POWER GENERATION:

Vision

The “Build, Build, Build” program of the Duterte administration serves as a guide of the Department of Energy (DOE) in its programs for 2020. This program emphasizes the crucial role of energy, particularly building sufficient capacity, as the key to sustaining the country’s economic growth.

At present, the country is still on its quest to obtain energy security and equity, considering the affordability and access of electric supply. However, the Philippine Power System remained generally stable and that the DOE will ensure the sustainable implementation of the rules and laws for the security of our energy supply through competition, access to bilateral markets, anti-monopoly measures, least-cost power, and the protection of the environment.

Demand and Forecast

Increase in energy demand are expected from the distinct growth in the industrial, commercial, and domestic sectors of the country. In addition, electrification continues—households in areas such as parts of Mindanao and Mindoro, which are not fully grid-connected, are likely to gain better access to electricity supply in the coming years with the target to reach 100% electrification across the Philippines by 2022.

By 2040, the country’s electricity demand is projected to grow by about 5% annually. And to meet this demand including reserve requirements, a total of 43,765 MW additional capacities must come online. Peak electricity demand is predicted at 12,285 megawatts (MW) for Luzon; 2,519 MW for Visayas and 2,278 MW for Mindanao, for 2020, according to DOE.

With the additional 237MW on 2017—comprising of 63% coal, 33% solar, and 4% oil-based sources, the energy department is expecting that enough power reserves will meet the demand. In addition, 19,934 MW of capacity is still under development with committed and “indicative” projects until 2025.

Adequate power supply across all three grids—Luzon, Visayas, Mindanao, is forecasted assuming that nothing deviates from the projections based on planned outages, the maintenance program, and the historical peaks and these projected rise in demand by DOE.

Solutions

To solve the country’s energy security woes, DOE initiated the issuance of policies for resiliency, conducted of performance assessment and technical audit for all energy facilities, and reactivated the Inter-Agency Task Force on Securing Energy Facilities, among others.

DOE also called for the full cooperation of all industry stakeholders in monitoring and responding to the power demand-supply situations, they also encourage consumers to practice energy efficiency and conservation measures.

Coal Power Generation

Coal consumption in the Philippines is relatively high as the energy sector is highly reliant on coal-fired power plants. Coal power plants generated 46.8 million MWh in 2017, making up half of the country’s power generation mix.

According to forecasts, the share of coal power plants will increase from about 30% in 2010 to around 50% in 2030. This share will further increase to 65% by 2050 since the existing natural gas plants are retired in the future. Over 25% of 2050 capacity will be diesel. It is also assumed that all of electricity demand will be supplied through electricity grids in which plants are dispatched to minimize variable costs.

In conclusion, energy remains a crucial element in economic growth and development of any country. According to the National Economic and Development Authority (NEDA), the potential of the Philippines of reaching high-income status by 2040 provided the economy grows consistently by 7.0 percent annually.

Meanwhile, the Philippines scored 4.2 out of 7 in terms of sufficiency and reliability of power supply, as showed in a World Economic Forum report, and still showing great probability of improvement in the energy industry. Strong coordination among energy stakeholders, coupled with the additional power generation capacities, are paving way in responding to the challenges of the industry.

Sources: DOE, NGCP, ADB, NEDA, Philippine Star

Plan of Action

Coal-Fired Power Project:

As economic activities continue to expand in the Visayas, specifically in Panay, a need for a more stable and sufficient power supply situation is a must. The 2 x 135 MW coal-fired power plant project in Concepcion, Iloilo was developed due to the foreseen power capacity requirements in the Visayas region. The first unit of this new base load plant was designed to address the power supply requirements of the Visayas grid and provide a steady flow of power when it goes on line. Palm Concepcion Power Corporation (PCPC), the project proponent, constructed the power plant in 2013. The power plant is equipped with a steam turbine generator manufactured by Alstom of Europe.

PCPC started commercial operations of the first unit of the 135 MW Circulating Fluidized Bed Combustion (CFBC) power plant on August 16, 2016. It was inaugurated by the Philippine President Rodrigo R. Duterte in Malacañang on November 28, 2016. It is now delivering power supply to Panay, Negros, and the rest of Visayas.

Ten (10) distribution utilities and electric cooperatives have signed up with PCPC for their base load power capacity requirements in order to deliver reliable and stable power generation supply to industrial, commercial, and residential consumers.

For the second unit, requirements for the Environment Compliance Certificate (ECC) have been completed and were already submitted to the Department of Environment and Natural Resources (DENR).

The power plant takes pride with the capability of its CFBC Technology and the sound environmental measures being practiced in the power plant as it maintained its excellent emission performance vis-a-vis the DENR standards.

At present, PCPC is fulfilling its purpose by serving the needs of its customers, helping ensure that homes and businesses have dependable and uninterrupted power supply, which they can afford, as it continues to uphold its commitment to the environment and host communities.

Bunker-Fired Power Project:

Peakpower Energy, Inc. (PEI) was set up in 2013 to implement projects designed to generate peaking energy across various A+/Green rated electric cooperatives in Mindanao. These are Build-Operate-Transfer agreements for brand new bunker-fired engines, which will last for 15 years.

After signing a Power Purchase and Transfer Agreements for 20-megawatt of peaking power supply with South Cotabato II Electric Cooperative (SOCOTECO II) and 5-megawatt supply with Agusan del Sur Electric Cooperative (ASELCO) in 2013, the respective plants Peakpower Soccsargen, Inc. (PSI) and Peakpower San Francisco, Inc. (PSFI) are commercially operational, supplying the very much needed power capacities in their franchise areas.

Expansion of these two plants are also completed and has already declared their commercial operations last September 2017 and January 2018, respectively. A third plant, Peakpower Bukidnon, Inc. (PBI) which is a 2 x 5.2MW peaking plant and embedded to Bukidnon Second Electric Cooperative (BUSECO) declared commercial operations on March 2018, and was inaugurated a year after.

Recently,PEI officially appointed Wartsila Philippines Inc., a leading supplier of power solutions in the country, to operate the mobilization and maintain the facilities of PEI’s three diesel power plants in Mindanao. On October 11, 2019, PEI and Wartsila Philippines Inc. signed an operations and maintenance contract agreement for all its three power plants.

Hydro Power Project:

HLPC is a registered renewable energy developer with the Department of Energy. HLPC will be ABCI's vehicle to pursue renewable energy projects. HLPC remains on the lookout for opportunities at any stage of development from greenfield opportunities to acquisition of operating power projects.

Significant Change in the number of employees

The Brown Group of Companies foresees to maintain the number of employees. Hiring of employees will continue in the regular course of the business as the need arises.

External Audit Fees and Services

A) Aggregate fees billed for the calendar years 2021 and 2020 for the audit of financial statements:

	2021	2020
1) Regular Annual Audit of Financial Statements (inclusive of VAT)	P 1,360,800	P 1,360,800
Review of Interim Financial Statements (1st and 2nd Quarter 2021) (inclusive of VAT)	P 6,160,000	P -

2) The nature of services comprising the fees includes the following:
   a) Audit in accordance with generally accepted auditing standards.
   b) Examination of the company's internal control structure for the purpose of establishing a basis for determining the nature, timing and extent of auditing procedures necessary for expressing an opinion.
   c) Procedures designed to provide reasonable assurance of detecting errors and irregularities that are material to the financial statements.
   d) Audit and Business Advisory

The above annual audit fee was charged to the Parent Company for its stand-alone and consolidated financial statements. The audit fee inclusive of VAT of the parent's eleven (11) subsidiaries in 2021 and ten (10) subsidiaries in 2020 were ₱996,072 and ₱920,640, respectively.

The review of interim consolidated financial statements of the Parent Company covered 1st and 2nd Quarter of 2021 during the preferred shares offering.

B) Aggregate fees billed for the calendar years 2021 and 2020 for Tax Compliance Audit are as follows:

	2021	2020
1) Tax Compliance Audit/ Tax Services (Inclusive of VAT)	P 108,000	P -

2) The nature of services comprising the fees includes the following:
   a) In-depth review of company's records to ascertain compliance with the rules and regulations of the Bureau of Internal Revenue and the local government;
   b) Review completeness of documents for BIR and local government purposes;
   c) Evaluation of income and business tax positions based on past and current operations to determine tax savings and/or exposures;
   d) Recommend corrective measures to ensure compliance with tax laws; and
   e) Recommend measures for tax- savings purposes.

The tax services evaluated the tax position of the Parent Company and determined tax savings and/or exposures on a prospective transaction with different scenarios.

C) There are no services other than the services reported under items (a) and (b).

The ABCI Audit Committee recommends to the Board and stockholders the appointment of the external auditor and the fixing of audit fees. The Board and stockholders approve the Audit Committee's recommendation.

During end-of-audit, an initial conference by the external auditors with the management's authorized representatives discuss the initial findings. After the clarification conference, the external auditors together with the partner in-charge will discuss before the rest of the Audit Committee. If there are any revisions, another round of discussion will be set before the audited reports are finalized, accepted and approved.

CHANGES IN AND DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

In the best interest of the Corporation, as well as the shareholders, higher standards of governance have been followed including the change of external auditor as mandated by SRC Rule 68(3)(b), as amended. Accordingly, the Board of Directors on 02 May 2018, upon the recommendation of the Audit Committee, with the approval of the stockholders of A Brown Company, Inc. on 28 June 2018, has appointed SGV & Co. as the new external auditor for the year ended December 31, 2018. The recommendation has not been prompted by any disagreement that has arisen between the Corporation and the previous external auditor.

For the year 2018, the Partner-In-Charge of the independent examination is John T. Villa. For the audit year 2021, 2020 and 2019, Alvin M. Pinpin is the Partner-In-Charge.

Representatives of the external auditor shall be present during annual meetings and will be given the opportunity to make a statement if they desire to do so. They are also expected to respond to appropriate questions if needed.

External Auditor Prior to 2018
The accounting firm of Constantino Guadalquiver & Co., (CG & Co.) was duly appointed as the Independent Public Accountants on 28 August 2009.

There was no instance that CG & Co. had any disagreement relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure. Per SEC Memo Circular of 2005 – Amendments to SRC Rules 68 and 68.1, "… the external auditors shall be rotated every after five (5) years of engagement. In case of a firm, the signing partner shall be rotated every after said period. The reckoning date for such rotation shall commence in year 2002 …". For five consecutive years (2009 to 2013), Rogelio M. Guadalquiver is the Partner-In-Charge of the independent examination who was replaced by Annalyn B. Artuz for audit year 2014 to 2016. For the audit year 2017, Rogelio M. Guadalquiver is the Partner-In-Charge.

Discussion of Compliance with leading practices on Corporate Governance:

a. The Company's Board of Directors approved on May 31, 2017 the Revised Manual on Corporate Governance pursuant to SEC Memorandum Circular No. 19, Series of 2016.

b. The Company has participated in the Corporate Governance Survey per SEC Memorandum Circular No. 8, series of 2008 and used the CG Scorecard as its performance evaluation checklist for year 2009 to 2012. With the issuance of SEC Memorandum Circular No. 5 Series of 2013, as amended, the Company submitted its Annual Corporate Governance Report (SEC Form ACGR) for 2012 on July 1, 2013. Thereafter, the company submitted the ACGR on the following dates:

Report	Date Submitted
Consolidated Changes in the Annual Corporate Governance Report for 2013 (with updates as of May 9, 2014)	May 13, 2014
Consolidated Changes in the Annual Corporate Governance Report for 2014	January 09, 2015
Consolidated Changes in the Annual Corporate Governance Report for 2014 (with updates as of June 19, 2015)	June 24, 2015
Consolidated Changes in the Annual Corporate Governance Report for 2015	January 08, 2016
Consolidated Changes in the Annual Corporate Governance Report for 2015 (with updates as of September 28, 2016)	October 03, 2016
Consolidated Changes in the Annual Corporate Governance Report for 2016	May 30, 2017
Changes in the Annual Corporate Governance Report as of October 25, 2017	November 02, 2017

c. The Company's Corporate Governance Compliance Officer submitted the Certification on Compliance with its Revised Manual on Corporate Governance for Year 2012 to the SEC on January 29, 2013 and to the PSE on February 04, 2013 confirming that ABCI has conformed to and complied with the provisions and leading practices and principles on good corporate governance as set forth in the Manual and SEC Code of Corporate Governance, as amended. The Company likewise submitted its 2015 PSE Corporate Governance Guidelines Disclosure Template to the exchange and duly posted on the PSE website on March 29, 2016 reflecting the company's level of adoption of the PSE recommended corporate governance guidelines as embodied under PSE Memorandum No. 2010-0574 dated November 26, 2010. The 2016 PSE Corporate Guidelines Disclosure Template was submitted to the exchange on March 30, 2017.

   The Securities and Exchange Commission (SEC) and the Philippine Stock Exchange, Inc. (PSE) have completed the harmonization of the SEC Annual Corporate Governance Report (ACGR) and PSE Corporate Governance Guidelines Disclosure Survey (CGR-1) into one report dubbed as the "Integrated Annual Corporate Governance Report" (I-ACGR). For the year 2017, listed companies are no longer required to submit the ACGR and CGR-1. SEC mandated all publicly-listed companies to submit an Integrated Annual Corporate Governance Report ("I-ACGR") on May 30 of the following year per Memorandum Circular No. 15, Series of 2017. The Company submitted its I-ACGR on May 31, 2019 and May 30, 2018 covering the year 2018 and 2017, respectively. The SEC Form I-ACGR for 2019 was filed on August 28, 2020 through PSE Edge and emailed to SEC-CGFD and posted on PSE Website and acknowledged through email by SEC on September 1, 2020. For the SEC Form I-ACGR covering 2020, the report was filed on June 25, 2021 through PSE Edge and posted on PSE Website on June 28, 2021. The same report was emailed to SEC-CGFD and the receipt was acknowledged thereof through email from SEC-CGFD on June 25, 2021. For the SEC Form I-ACGR covering 2021, the report was filed on May 30, 2022 through PSE Edge and posted on PSE Website on the same day. The same report was emailed to SEC-CGFD on May 30, 2022 and the receipt was acknowledged thereof through email from SEC-CGFD on May 31, 2022.

d. The Company's Corporate Secretary submitted to the SEC on January 6, 2017 the Certification on attendance of members of Board of Directors for the year 2016. For the year 2017, pursuant to the provision of Memorandum Circular No. 15, Series of 2017, the companies are no longer be required to file updates and changes on the I-ACGR within five (5) days from the occurrence of the reportable changes. The directors' attendance to the eleven (11) Board meetings held for the year is as follows:

	Date of Meeting - 2021										
	Apr 12	Apr 23	May 25	June 24	June 24*	July 5	July 15	Aug 16	Sept 24	Oct 5	Dec 9
Walter W. Brown	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Annabelle P. Brown	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Robertino E. Pizarro	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Elpidio M. Paras	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Thomas G. Aquino	✓	✓	✓	-	-	✓	✓	✓	✓	✓	✓
Antonio S. Soriano	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Joselito H. Sibayan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Renato N. Migriño	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓
Jun Hou	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note : * *Organizational Meeting*

e. Part of the measures being adopted by ABCI in order to comply with the leading practices is the participation and attendance by members of the Board and top level management in corporate governance initiated by accredited institutions. For 2021 and 2020, sixteen (16) directors and officers attended a seminar on Corporate Governance in compliance with SEC Memorandum Circular No. 20 Series of 2013.

f. Annual self-assessment of the Board of Directors to determine compliance not only with its Manual of Corporate Governance but also all other regulations and rules prescribing good corporate governance is regularly being done.

g. Adoption of best practices and creation of different committees such as Audit, Nomination, Compensation and Governance. The Board of Directors organized the committee - Committee on Corporate Culture and Values Formation to promote, foster, and institutionalize the corporate vision, mission, core values, good corporate governance and ethical conduct among the members of the Board, officers and employees of the company. The formation of the Risk Committee to effectively manage financial and business risks in accordance with company’s risk profile and risk culture will strengthen the company’s position in terms of mitigated exposures. The different board and management committees also perform oversight functions over compliance with the Manual and other corporate policies of ABCI. On December 20, 2018, the Board of Directors re-organized its Board Committees, with the Compensation Committee and Corporate Culture and Values Formation Committee being subsumed under the Corporate Governance Committee. The existing Board Committees are as follows: Executive Committee, Audit Committee, Risk Committee, Corporate Governance Committee and Related Party Transaction Committee.

h. The Board of Directors through the recommendation of the Governance Committee has approved in December 2014 the Company’s whistle blowing policy which provided the guidelines on handling employee disclosure or complaints of violation of the corporate governance rules which protects whistleblower from retaliation and ensures confidentiality and fairness in the handling of a disclosure or complaint. Likewise, the Insider Trading Policy has been approved to apprise and ensure compliance by all members of the Board of Directors, officers and employees of their obligations under the applicable securities laws to refrain from trading (buying and selling) the Issuer's securities based on inside information and tipping or passing information to someone who may use such information to trade Issuer's securities during prescribed blackout periods. The policy also includes the requirement to report their direct and indirect beneficial ownership of the Issuer's shares as well as any changes in such beneficial ownership within the prescribed period. The policy was adopted in keeping with the trend on sound corporate governance practices that support the integrity of capital market based on the principle of "equal opportunity based on equal access of information".

i. The Company acknowledges the importance of the role of stakeholders in corporate governance which includes customers’ welfare, supplier/contractor selection practices, environmentally friendly value-chain, community interaction, anti-corruption programs and procedures and creditors’ rights.

   The company is dedicated to satisfying its customers, listening to their requests and understanding their expectations. It likewise strives to meet their expectations in affordability, quality and on-time delivery. The suppliers deserve fair and equitable treatment, clear agreements and honest feedback on performance and delivery. While cultivating professional relationships with the suppliers, the company shall maintain an honest, objective and efficient procurement process which is in accordance with Company's procurement policies and procedures. The Company's officers and employees may not solicit or accept gifts, payment or gratuities from our suppliers. (Promotional items of nominal value may be accepted.) Any financial interests in a company's supplier or someone seeking to become a supplier must be reported to the company. The company's policies in this area go beyond the law of prohibiting kickbacks. It must avoid even the appearance of improper conduct in all our business dealings. The company has been long committed to minimizing our environmental impact by complying with all the laws and regulations relating to environmental protection in the communities we operate: developing land into residential communities, from planting to milling of the agricultural produce and building essential energy infrastructure. In the communities where we operate, the company works to make a positive and lasting difference in people's lives. The Company does so by building homes for happier families, by producing basic products sustainably for the world, by energizing the country's development and by providing financial support on improving its road networks, rehabilitation of its utility systems, promoting and preserving the cultural beliefs, customs and education of indigenous people and by protecting the environment. The Company's Employee Code of Conduct seeks a behavior that manifests Love for Truth. This includes the practice of such virtues as honesty, concern and loyalty towards our company which should go beyond self-interest. This hopes to instill a true spirit of service with a high sense of responsibility. Employees are re-oriented of Company's procedures and policies and it sponsors retreat and recollection for renewal including attendance to seminar and workshops for improvement of skills and competence as part of Company's employee's health, safety and welfare. The company acknowledges the creditors' rights to transparency or full disclosure of financial and key performance information, compliance to the loan covenants and their rights of possession of the collateral and reorganization and liquidation rights. Their rights shall be protected and shall hold appropriate means of redress for infringement of right. The corporation shall notify beforehand the creditors concerned for matters that may bring changes in the creditors' priority or may have material influence on the possibility of collecting credit.

j. The Compliance Officer of ABCI coordinates with the Board and management committees in monitoring compliance with the Manual, determine the violations, if any, and recommend penalties for such violations. He/She also helps identify, monitor and control compliance risks.

There are no known material deviations from the Revised Manual on Corporate Governance by ABCI.

2021 Corporate Social Responsibility

CSR Initiative	Beneficiaries
Outreach Program after Typhoon Odette	After the onslaught of Typhoon Odette on December 16, 2021, the Company provided free water supply for the affected barangays in Butuan City using the fire trucks and water trucks of LGU-Butuan in the water distribution. Likewise, the Company also provided drinking water and noodles to our partner realty brokers and agents and also extended monetary and in-kind assistance to ABCI Butuan employees. Some people of Surigao City also were given drinking water and noodles through the initiative of ABCI Butuan Employees.

BUSINESS AND GENERAL INFORMATION

Item 1. BUSINESS

On 01 October 1992, the Securities and Exchange Commission (SEC) approved the amended Articles of the Incorporation and By-laws of Bendana, Brown, Pizarro & Associates, Inc. (incorporated on December 21, 1966) which changed the parent Company's name to Epic Holdings Corporation and effected a 5:1 stock split by reducing the par value of shares from ₱5 to ₱1 while increasing the total number of authorized shares from 20,000,000 to 100,000,000.

On 25 June 1993, the SEC approved the plan of merger of Brown Chemical Corporation and Brown Chemical Sales Corporation (absorbed corporations) into Epic Holdings Corporation as the surviving corporation. Subsequently, Epic Holdings Corp. changed its name to A Brown Company, Inc. (its current name) as approved by SEC on 01 July 1993. ABCI was thereafter listed with the Philippine Stock Exchange on February 8, 1994 and became the holding company of the Brown Group of Companies.

On 24 December 1999, the SEC approved the plan of merger of A Brown Company, Inc. ("ABCI") (surviving company) and five of its wholly-owned subsidiaries, namely: A Brown Chemical Corporation, Geoex Farms, Inc., East Pacific Investors Corporation, Terra Asia Pacific Development Manager, Inc and Victorsons Trans Cargo System, Inc. (absorbed corporations).

On 27 June 2002, the Securities and Exchange Commission approved the plan of merger of A Brown Company, Inc. (surviving corporation) and five (5) of its wholly owned subsidiaries (absorbed corporations) namely: Another Brown Co., Inc. (formerly W. Brown Co., Inc.), Geoex Drilling Corp., Northmin Mining and Development Corp., Manresa Golf and Country Club and Norphil Properties, Inc.

Investment in Power Companies

Mid 2006 marked the entry of ABCI in the energy business through its investment in Monte Oro Resources and Energy, Inc. (MORE). ABCI's 11.70% equity interest in MORE was reduced to 7.59% after the non-subscription to the increase in authorized capital stock (ACS).

In October 2014, the Parent Company sold all its 388,694,698 shares in MORE to Apex Mining Company, Inc. (APEX).

In 2010, the Parent Company subscribed 2,850,000 shares and 3,000,000 shares of Palm Thermal Consolidated Holdings Corp. (PTCHC) and Panay Consolidated Land Holdings Corp. (PCLHC) representing 95% and 100% shareholdings, respectively, at par value. On December 8, 2010, Palm Thermal Consolidated Holdings Corp. (PTCHC) acquired 100% of the outstanding capital stock of DMCI Concepcion Power Corporation, the former corporate name of Palm Concepcion Power Corporation (PCPC). PCLHC acquired thirty (30) hectares of land from DMCI Power Corporation ("DPC") with the intention of using it as the site for a coal-fired power plant project. PTCHC is the corporate entity that initiated the ABCI's entry in the power generation business. PCPC is the corporate vehicle that constructed and operated a 1x135MW coal-fired power plant project in Concepcion, Iloilo.

In 2012, Palm Thermal entered into various agreements and deeds which decreased its shareholdings in Palm Concepcion Power Corporation (PCPC) from 100% to 30% and acquired 30% equity stake in Panay Consolidated Land Holdings Corporation (PCLHC) from the previous shares of the Parent Company as of December 31, 2012.

With the divestment of AC Energy Holdings, Inc. (ACEHI) in May 2013, PTCHC acquired ACEHI's 40% interest in PCPC and PCLHC, increasing PTCHC interest in the coal-fired project to 70%. With the entry of new investor, Oriental Knight Limited (OKL) in PCPC and new subscription of the PTCHC and Jin Navitas Resources, Inc. (JNRI) in December 2013, the equity interest resulted to the following: PTCHC (39.54%); JNRI (30%) and OKL (30.46%). PTCHC's interest in PCLHC remained at 70% as of December 31, 2013.

During the third quarter of 2014, the SEC approved the Plan of Merger of PCPC and PCLHC with PCPC as the surviving entity as well as the increase in authorized capital stock (ACS) of PCPC. The merger and the increase in ACS resulted to the 30% equity interest of the Company in PCPC.

On December 2014, PCPC applied for an increase in its authorized capital stock which was approved by SEC on January 6, 2015. Palm Thermal's shareholdings have been reduced from 30% to 20% due to non-subscription on the increase of PCPC's authorized capital stock.

On January 12, 2011, ABCI and Hydro Link Projects Corp. (HLPC) entered into a deed of subscription with an aggregate share of 37,500 common shares which will be taken from the 150,000 increase of the authorized capital stock which represents 93.75% of the outstanding capital. HLPC amended its articles of incorporation to effect the deed of subscription and subsequently approved by the SEC on July 21, 2011. On December 2011, a deed of assignment was entered into by ABCI and HLPC's stockholder, assigning the remaining 6.25% of

HLPC shares to ABCI bringing the total subscription to 40,000 shares. On October 2012, ABCI subscribed to the remaining 120,000 unsubscribed share capital of HLPC.

In February 2013, the company caused the incorporation of Peakpower Energy, Inc. (PEI), the holding company that ventured on projects designed to generate peaking energy in Mindanao using brand new bunker-fired engines. The company is working to develop, construct, and operate diesel power plants in Mindanao through PEI's subsidiaries: Peakpower SOCCSARGEN, Inc. (PSI) and Peakpower San Francisco, Inc. (PSFI).

On July 24, 2014, a new subsidiary, Peakpower Bukidnon Inc. (PBI), was incorporated for a 15-year Build-Operate-Maintain and Transfer agreement with the Bukidnon II Electric Cooperative Inc. (Buseco). PBI and Buseco signed a Power Purchase and Transfer Agreement for 10.4MW Diesel/Bunker-fired power plant to be constructed in Manolo Fortich, Bukidnon. On October 16, 2016, the company sold all its 100% interest in PBI to Peakpower Energy Inc. (PEI) to consolidate its investment in peaking project under one holding company.

	w2021			
Equity Pick-up	PCPC	PEI	EWRTC	Total
Net income (loss)	734,785,580	633,485,317	(467,574)	1,367,803,323
% of ownership	20%	20%	33.33%	
Share in net income (loss)	146,957,116	126,697,063	(155,858)	273,498,321
Other comprehensive income (loss)	1,920,909	-	-	1,920,909
Share in other comprehensive income (loss)	384,182	-	-	384,182

Investment in Mining Company

In November 2011, ABCI acquired the 22.87% outstanding equity of PhiGold Limited. It is a holding company incorporated in the Cayman Islands on October 20, 2010 with its principal activity of investing in gold mining assets. It has invested 40% in the total voting rights in PhiGold Metallic Ore Inc. (PMOI), a gold mining company incorporated in the Philippines last January 7, 2008. PMOI is the contractor of its acquired mining property covered by Mineral Production Sharing Agreement 190-2009-XIII (MPSA 190) granted by the Philippine Government. As of December 31, 2020, the company's equity interest was reduced to 18.7% with the entry of new investors.

Last October 2014, the Parent company sold all its 388,694,698 shares in Monte Oro Resources and Energy Inc. (MORE) to Apex Mining Co., Inc. (Apex) and subsequently subscribed the same number of shares of Apex. The Parent Company has 8.89% shareholdings in Apex after the SEC approved the increase in its authorized capital stock on January 12, 2015. After the next round of subscription, the company's interest was reduced to 6.24%. At the end of 2020, the Parent Company sold all its remaining 1.03% equity interest in Apex.

Apex Mining Co., Inc. is principally engaged in the business of mining and production of gold, silver, copper, lead and other precious metals. Apex acquisition of MORE gives it access to another mineral processing plant, as well as expansion opportunities in Jose Panganiban in Camarines Norte since Monte Oro fully owns Paracale Gold Ltd. that runs a mineral processing plant in Jose Panganiban, Camarines Norte, and 40 percent of Bunawan Mineral Resources Corporation which has two mining lease contracts covering 652.2891 hectares and pending applications for production sharing agreement and exploration permits. Moreover, Monte Oro has 30 percent participating interest in Service Contract No. 72 for natural gas in the Sampaguita gas field offshore northwest of Palawan in the West Philippine Sea, as well as a 52 percent stake in International Cleanvironment Systems Inc. that has a solid waste management contract with the Philippine government for Metro Manila. Monte Oro's other assets include holdings in foreign firms engaged in mining and exploration work in Mongolia, Uganda and Sierra Leone in Africa and also in Myanmar. Apex Mining also has an expansion program that sought a production hike of 1,500 tons of ore per day in its Maco mine in Campostela Valley from 850 tons per day. The Maco mine produces bullions containing gold and silver which are smelted in a Metalor refinery in Switzerland. Apex also acquired Itogon-Suyoc Resources, Inc. which has mining claims and owns the mill and production facilities in Sangilo, Itogon, Benguet and Suyoc mine in Mankayan, Benguet.

Amendment to Articles of Incorporation and By-Laws

Reclassification of Unissued Common Shares to Preferred Shares

On April 12, 2021 and June 24, 2021, the BOD and shareholders representing at least 2/3 of the outstanding capital stock, respectively, approved the proposal to amend the Parent Company's AOI to create preferred shares by reclassifying its authorized capital stock from the from the current Three Billion Three Hundred Million Pesos (₱ 3,300,000,000.00) divided into Three Billion Three Hundred Million (3,300,000,000) Common Shares to Three Billion Three Hundred Million Pesos (₱ 3,300,000,000.00) divided into Three Billion Two Hundred Fifty Million Pesos (₱ 3,250,000,000) divided into Three Billion Two Hundred Fifty Million (3,250,000,000) Common Shares and Fifty Million Pesos (₱ 50,000,000) divided into Fifty Million (50,000,000) Preferred Shares. The reclassification of the Unissued Common Shares to create Preferred Shares will provide flexibility for the Group with respect to its prospective capital raising activities. On October 5, 2021, the SEC approved the said amendment to the AOI.

The provision of the amendment of Article VII of the Parent Company's AOI including the description of the different classes of stock of the Corporation and a statement of the designations and powers, preferences and rights, and conversions, limitations, or restrictions thereof, in respect of each class of stock can be gleaned to the link below:

https://abrown.ph/kooroast/2021/10/10_05_2021_Amended-Articles-of-Incorporation-Article-VII-Reclassification-of-Shares.pdf

Others – Change in Principal Office, Change in Number of Directors, Increase in Capital Stock, Extension of Corporate Term

The Board of Directors during their meeting held on November 28, 2011 and by the stockholders of the Parent Company holding at least two-thirds (2/3) of the outstanding capital stock, through written assent on December 27, 2011, amended the Articles of Incorporation, changing the principal office to Xavier Estates Uptown, Airport Road, Balulang, Cagayan de Oro City. The amendment was approved by SEC on December 28, 2011.

On June 13, 2012, the SEC approved the amendment of the Company's By-Laws to amend and define the functions of its Executive Chairman and President, remove the requirement that the Company's vice presidents must be a member of the Board and to impose certain requirements on granting of bonuses to its BOD, officers and employees.

In a Board of Directors meeting held on May 2, 2012 and the annual stockholders meeting on June 1, 2012, the Board of Directors and the shareholders representing 2/3 of the outstanding capital stock approved the following amendments in the Articles of Incorporation:

a. Amendment to paragraph 4: "That the term for which the Corporation is to exist is extended for another fifty (50) years from and after the date of the expiration of the original corporate term on 20 December 2016".

b. Amendment to paragraph 6: "That the number of directors of this Corporation shall be Nine (9)……"

c. Amendment to paragraph 7: "That the amount of the capital stock of this Corporation is One Billion Six Hundred Twenty Million Pesos (₱ 1,620,000,000.00), Philippine Currency, and the said capital stock is divided into One Billion Six Hundred Twenty Million (1,620,000,000) shares with a par value of One Peso (₱ 1.00) each, provided that, stockholders shall have no pre-emptive right to subscribe to unissued shares unless otherwise approved by the Board of Directors".

The SEC approved the said amendments on December 28, 2012.

Pursuant to Section 11 (Corporate Term) of the Revised Corporation Code of the Philippines with effectivity date on February 23, 2019, the law provides in part:

"Corporations with certificates of incorporation issued prior to the effectivity of this Code, and which continue to exist, shall have perpetual existence, unless the corporation, upon a vote of its stockholders representing a majority of its outstanding capital stock, notifies the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation: Provided, That any change in the corporate term under this section is without prejudice to the appraisal right of dissenting stockholders in accordance with the provisions of this Code."

SEC Memorandum Circular No. 22 Series of 2020 dated August 18, 2020 provides the guidelines on corporate term.

The Company has not notified the Commission that it elects to retain its specific corporate term pursuant to its articles of incorporation and thus considered to have perpetual existence.

During the annual stockholders' meeting on June 7, 2013, the shareholders approved the amendment of the Corporation's Articles of Incorporation to increase the authorized capital stock from One Billion Six Hundred Twenty Million Pesos (₱ 1,620,000,000.00) and the declaration of 25% stock dividend, equivalent to 346,573,307 common shares which will be issued out of the increase in the Corporation's authorized capital stock. The SEC approved the amendment on August 16, 2013.

In the Board of Directors meeting held on April 4, 2014 and the annual stockholders meeting on May 9, 2014, the Board of Directors and shareholders representing 2/3 of the outstanding capital stock approved the increase in authorized capital stock (ACS) to Three Billion (₱ 3,000,000,000). This proposal to increase ACS to 3 Billion was superseded with the approval of the increase in ACS as approved by the Board on May 19, 2016 and August 8, 2016.

On May 19, 2016, the Board of Directors initially approved the amendment of the Corporation's Articles of Incorporation to increase its authorized capital stock (ACS) from the current Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) Common Shares to up to Four Billion Pesos (P4,000,000,000.00) divided into Five Billion (4,000,000,000) Common Shares. On August 8, 2016, the BOD's earlier approved amendment was further amended to increase It was later on amended on August 8, 2016 to increase its authorized capital stock (ACS) from the current Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) Common Shares to up to Five Billion Pesos (P5,000,000,000.00) divided into Five Billion (5,000,000,000) Common Shares.

The increase in the Corporation's authorized capital stock, however, will be implemented in two tranches, as follows:

a.) First, an increase by One Billion Three Hundred Million Pesos (P1,300,000,000.00), divided into One Billion Three Hundred Million (1,300,000,000) Common Shares will be immediately implemented, and out of said increase, the Twenty Percent (20%) stock dividend declared on May 19, 2016 will be issued. This was approved by the Securities and Exchange Commission (SEC) on January 11, 2017.

b.) Second, an increase of up to One Billion Seven Hundred Million Pesos (P1,700,000,000.00), divided into One Billion Seven Hundred Million (1,700,000,000) Common Shares, to be issued, together with the remaining authorized but unissued capital stock of the Corporation in a capital raising exercise that may be undertaken by the Corporation subsequent to the issuance and listing of the 20% stock dividend declaration.

The August 8, 2016 BOD's proposed amendments in the Articles of Incorporation were approved by stockholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on September 28, 2016.

The application on the first tranche of the increase in authorized capital stock was submitted to the Securities and Exchange Commission on December 29, 2016 and subsequently approved the amendment on January 11, 2017, to wit:

> "Amendment to paragraph 7: "That the amount of capital stock of this Corporation is Three Billion Three Hundred Million Pesos (P 3,300,000,000.00), Philippine Currency and the said capital stock is divided into Three Billion Three Hundred Million (3,300,000,000) shares with a par value of One Peso (P1.00) each, provided that, stockholders shall have no preemptive right to subscribe to unissued shares unless otherwise approved by the Board of Directors."

The documents required on the application to the increase in authorized capital stock for the second tranche were not yet submitted to the SEC as of May 10, 2022.

On March 8, 2017 the Parent Company distributed 20% stock dividend totaling 346,572,301 shares, net of fractional shares, of the Parent Company's outstanding shares to the stockholders of record as at February 10, 2017.

On November 28, 2018, the Corporation's Board of Directors approved to amend the Corporation's By-Laws to enshrine the positions of Chairman of the Board of Directors and the Chief Executive Officer shall be held by different persons. Accordingly, Section 3, Article III of the Corporation's By-Laws shall be amended to delete "shall be the chief executive officer" as part of the functions of the Chairman; while the succeeding Section 4 shall likewise be amended to indicate that the President shall be the Chief Executive Officer.

Article and Section Numbers	From	To
Article III, Section 3	*"The Chairman of the Board shall be the chief executive officer of the Corporation and shall have a general control and management of the business affairs of the Corporation. He shall preside xxxx"*	*"The Chairman of the Board of Directors shall preside xxxx"*
Article III, Section 4	*"The President, subject to the control of the Board, shall have general supervision of the business affairs of the Corporation."*	*"The President, subject to the control of the Board, shall be the chief executive officer and shall have general control of the business and affairs of the Corporation."*

The amendment of the Corporation's By-Laws shall no longer require approval by the shareholders since the power to do so was previously delegated to the Board of Directors by the Corporation's shareholders.

The documents required on the application to the amendment of By-Laws were not yet submitted to the SEC as of May 10, 2022.

The Company is not under bankruptcy, receivership or similar proceedings. There is no material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business during the past three years.

As a holding company, the following are the other businesses and investments (refer also to Note 2 – *Summary of Significant Accounting Policies - Basis of Preparation and Basis of Consolidation* of the attached Notes to Consolidated Financial Statement):

A BROWN ENERGY AND RESOURCES DEVELOPMENT, INC. is 100% owned by ABCI

ABERDI (formerly A Brown Energy, Inc. amended on August 27, 2002) was registered with the Securities and Exchange Commission on 21 February 2001 under SEC Registration No. A200102288 and started commercial operations in April 2002. The main purpose is to engage in the business of manufacturing and trading goods such as crude oil and petroleum products on wholesale/retail basis. Its principal place of business is at Malubog, Impasug-ong, Bukidnon. It has 39 employees as of December 31, 2021.

Likewise, on August 2006, ABERDI entered into a Development Contract (DC) with Kapunungan Sa Mga Mag-Uuma sa Kaanibungan (KASAMAKA) now Kaanibungan Farmers Association (KAFA) at the Barangay Kalabugao, Municipality of Impasugong, Bukidnon concerning the development of Oil Palm Commercial Plantation.

The Peoples Organization (PO) has been granted Community Based Forest Management Agreement (CBFMA) No. 55093, by the Department of Environment and Natural Resources (DENR) on December 22, 2000, covering an area of 2,510.80 hectares of forest lands located at Sitio Kaanibungan, Barangay Kalabugao, Impasugong, Bukidnon. Under the said CBFMA No. 55093, the PO is mandated to develop, manage, and protect the allocated Community Forest Project Area. Article II, Sec. 2 (vii) of DENR Administrative Order (DAO) No. 96-29 dated October 10, 1966, otherwise known as the CBFM Implementing Rules and Regulations, the PO is allowed to "enter into agreements or contracts with private or government entities for the development of the whole or portion of the CBFM area; provided that the development is consistent with the approved Community Resource Management Framework (CRMF) Plan of the CBFM area. The PO is desirous in engaging the participation of ABERDI Inc. for the development of the said area into an Oil Palm commercial plantation.

The project's objective is to establish approximately 894 hectares into a commercial palm plantation. ABERDI (the Developer) may intercrop suitable agricultural crops in the plantation and raise livestock, the harvest and produce of which shall belong to the Developer. The responsibilities of KASAMAKA now KAFA in regard to the project are: 1) to provide the land area of 894 hectares within the CBFMA area 2) to provide manpower needs of the Developer in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others 3) To secure all the required documents pertinent to this agreement from concerned agencies. On the other hand, ABERDI will provide the technical and financial resources to develop the 894 hectares into Palm Oil Plantation. The rights and responsibilities of the Development Contract were transferred to Nakeen Corporation starting year 2006.

The status of the other development contracts between ABERDI and other Peoples' Organization are as follows:

- Kalabugao Ulayanon Farmer's Association (KUFA) Kalabugao, Impasugong, Bukidnon –DENR survey of plantation perimeter map done. The issue on the Free Prior Informed Consent (FPIC)-Certification Precondition (CP) with the National Commission on Indigenous Peoples (NCIP) is yet to be resolved. The Environmental Compliance Certificate (ECC) has been issued by DENR-Environment Management Bureau in 2007.

- Kapunungan sa mga Mag-uuma sa Barangay Tingalan (KMBT) in Tingalan, Opol, Bukidnon – The CP-FPIC has been approved and issued by the NCIP in 2013 that covers two other big tribal groups – the Dulanga Unified Tribal Council and the Unified Higaonon Tribal Council of Bagocboc. However, the issuance of the ECC was still pending in the EMB- DENR.
- Kapunungan sa mga Mag-uuma sa Barangay Tignapoloan (KMBT) – CBFM application submitted to DENR. Tribal resolution supporting CBFM application is done. CP-FPIC application on process with NCIP as well as the ECC.

The Company has paid advance rental of ₱ 6 million for 20 years up to 2026. On 26 March 2007, the Board of Directors passed and approved the transfer of its oil palm nursery and plantation operations to its subsidiary Nakeen Corporation (NC) effective 1 March 2007 to facilitate efficiency and profitability. Likewise, ABERDI is into palm oil milling operations. Its mini mill constructed in 2006 is located in Impasug-ong, Bukidnon. The refinery with fractionation machine is operational in full capacity of 50 MT/day.

Fresh Fruit Bunches (FFB) processed for year 2021 was 6,070 MT which is lower as compared to 10,925 MT in 2020. A total of 1,126 MT of Crude Palm Oil (CPO) was recovered at an oil extraction rate (OER) of 18.55% in 2021 which is lower as compared with the extraction rate of 19.25% in 2020 with 2,103 MT of Crude Palm Oil (CPO) recovered. The Refined Bleached Deodorized Oil (RBDO) produced this year was processed further into Palm Olein. There were no RBDO sales in 2021 and 2020.

Sales in 2021 and 2020 were as follows:

Product	2021 Sales (MT)	2020 Sales (MT)
Crude Palm Oil	829.56	2,139.80
Palm Kernel	56.34	-
Palm Kernel Cake	-	132.15
Palm Acid Oil	117.99	280.82
Palm Fatty Acid Distillate	77.13	302.42
Palm Olein	248.13	206.46
Palm Stearin	99.00	192.70

On March 6, 2012, the BOD of ABERDI and NC approved and authorized the application of merger of the two subsidiaries. Before the SEC approved the Articles and Plan of Merger, the BOD and the stockholders of both companies approved and ratified the subscription of ABERDI to the 750,000 unsubscribed shares of Nakeen Corp. at P1.00 per share with 50M as additional paid-in capital. The BOD and shareholders of the company also approved the filing with Securities and Exchange Commission (SEC) the amended Articles and Plan of Merger reflecting the new capital structure of the Nakeen Corp. and specifying the effectivity date of the revised merger to be the first day of the subsequent month following the SEC approval.

On February 19, 2013, the BOD of Nakeen approved the filing of the amended Articles and Plan of Merger using the 2012 audited Financial Statements. The amended articles and plan was filed with the SEC on July 24, 2013 to amend certain provision on the articles and plan of merger as follows:

1. Issuance of the Company's shares to Nakeen's shareholders in exchange of the net assets of the latter as result of the merger.
2. Specify the effectivity date of the merger which will be the first day of the month succeeding the month of approval of the merger by the SEC.

On February 11, 2015, SEC denied the petition to amend plan of merger. The Company and Nakeen's management filed a request for reconsideration to approve the petition. As of May 10, 2022, the request for reconsideration is still pending before the SEC.

The Company entered into a lease agreement with Nakeen Corporation for the plantation area inclusive of the standing crops, properties and equipment effective January 1, 2013 which expired on December 31, 2013 with an option to pre-terminate the lease agreement as agreed by both parties. Also provided in the lease agreement, from October 1, 2012 up to December 31, 2012, the Company shall be given access to enter Nakeen's premises for the set-up, construction and preparation for its intended use of the plantation area. The lease was extended up to April 1, 2020. The lease contract with NAKEEN was renewed and will expire on April 1, 2022.

ABERDI posted a net loss of ₱45.3 million this year as compared from previous year's net loss of ₱51.8 million. The sales was 28% lower with ₱57.0 million in 2021 as compared to ₱79.1 million in 2020. The gross profit also decreased by 21% from ₱19.0 million to ₱15.0 million. Operating expenses slightly decreased from ₱60.1 million to ₱54.1 million. Net loss before income tax was ₱46.5 million in 2021 and ₱54.9 million in 2020.

The sales of crude palm oil decreased by 41% from ₱57.2 million in 2020 to ₱33.9 million this year. The quantity sold decreased by 61% from a volume 2,139.80 MT in 2020 to 829.56 MT in 2021 with the average selling price per MT increased by 53% from ₱26,720.73 per MT last year to ₱40,868.56 per MT this year. There were no sales from palm kernel cake this year. There were no RBDO Sales in 2021 and 2020 because Refined Bleached Deodorized Oil (RBDO) being produced was processed further into Palm Olein. Sales of palm fatty acid distillate (PFAD) decreased by 65% or ₱3.5 million from last year's sales of ₱5.4 million. Sales from palm acid oil amounted to ₱2.3 million at 117.99 MT compared from last year of ₱3.5 million at 280.82 MT. Sales Volume variance is ₱3.2 million or 58% unfavorable. The price this year is 59% higher than that of last year. Sales of Palm Olein in 2021 was 75% or ₱7.1 million higher than that of 2020. Sale of Palm Stearin decreased by 47% from that of 2020. Cost of sales decreased by 30% from last year's ₱60 million to ₱42 million this year.

Total assets decreased by 2% or ₱23.6 million from ₱1.02 billion in 2020 to ₱1.00 billion in 2021. Current receivables were recorded at ₱12.0 million in 2020 and increased by ₱5.1 million in 2021. Inventories increased by 186% or ₱58.5 million this year. Short term and current portion of long-term loans payable was reduced by ₱37.0 million from ₱45.0 million last year to only ₱8.0 million this year. Deposit for stock subscription - Liability increased by 9% or ₱67.8 million with the balance of ₱838.1 million in 2021. Total liabilities grew from ₱861.4 million in 2020 to ₱883.8 million in 2021, a 3% increase. Total equity decreased from ₱162.8 million in 2020 to ₱117.3 million in 2021, a 28% decrease.

SIMPLE HOMES DEVELOPMENT INC. is 100% owned by ABCI

Andesite Corporation was originally registered as Andesite Holdings Corporation, it was incorporated in 1997 under SEC registration no. A199703502. Its registered office address is at Cagayan de Oro City. Its primary purpose prior to the new amendment application is to engage in the business of agriculture.

ABCI bought Andesite Corporation from A Brown Energy Resources and Development Inc. (ABERDI) to undertake its socialized housing projects in December 2014.

On March 13, 2015, an application to amend its Articles of incorporation was filed to the Securities and Exchange Commission (SEC) to amend its corporate name to **Simple Homes Development, Inc**. (SHDI) and its primary purpose to invest in, purchase or otherwise acquire and own, hold sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities or obligations of any other corporation or association, domestic or foreign, for whatever legal purpose or purposes the same may have been organized without being a stock broker or dealer, and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidences of indebtedness or securities of this or any other corporation and while the owner or holder of any such real or personal property, stocks, bonds, debentures, contracts or obligations, to receive, collect and dispose of the interest, dividends, and income arising from such property and to possess and exercise in respect thereof all the rights, powers, and privileges of ownership, provided the corporation shall not exercise the functions of a trust corporation. This was approved by SEC on April 10, 2015.

PHIVIDEC Industrial Authority (PIA) has awarded to the Corporation's subsidiary, Simple Homes Development, Inc. (SHDI), a twenty-five (25)-year land lease, renewable for another 25 years, and with option to purchase, over a 400-hectare land in Misamis Oriental subject to conditions to be approved by both parties. SHDI plans to partner with Huili Investment Fund Philippines to develop the property leased from PIA into a steel mill complex.

As of May 10, 2022, SHDI has not yet started its commercial operations and has no employee as of December 31, 2021.

Simple Homes Development, Inc. (SHDI) incurred net loss amounting to ₱236,636 and ₱239,869 in 2021 and 2020, respectively. Salaries and wages was the largest expenditure for the last two years at ₱115 thousand. Though travel and transportation declined by 99% or ₱ 70 thousand, taxes and licenses increased by 129% or ₱ 53 thousand. Total Assets amounted to about ₱100 thousand for the last two years. Total current liability increased by ₱236 thousand this year as against last year with capital deficiency of ₱1.7 million as of December 31, 2021.

NAKEEN CORPORATION is 100% owned by ABERDI

Nakeen Corporation (the "Company") was incorporated on February 26, 1997 under SEC registration no. A199703509. Its primary purpose, as amended, is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. The Company is also engaged in selling palm seedlings and bunch.

The Company's registered office address and principal place of business is Lonucan, Manolo Fortich, Bukidnon. Its commercial operations started on March 1, 2007 in line with the approval of the Board of Directors of ABERDI (parent company) to transfer the oil palm nursery and plantation operations.
On August 30, 2012, the Philippine Securities and Exchange Commission (SEC) approved the Company and ABERDI's Articles and Plan of Merger which was approved by their Board of Directors (BOD), in their meeting on March 6, 2012.

However, on July 31, 2012, before the SEC approved the Company's Articles and Plan of Merger which was filed on July 12, 2012, the BOD and the Stockholders of the Company approved and ratified the subscription by ABERDI to the 750,000 unsubscribed shares of the Company at ₱1 per share with ₱50 million as Additional paid-in capital. The BOD and the Stockholders of the Company also approved the filing with SEC of the amended Articles and Plan of Merger reflecting the new capital structure of the Company and specifying the effectivity date of the revised merger to be the first day of the subsequent month following the SEC approval.

On February 19, 2013, the BOD of Nakeen approved the filing of the amended Articles and Plan of Merger using the 2012 audited financial statements. The amended articles and plan was filed to the SEC on July 24, 2013 to amend certain provision on the Articles and Plan of Merger. On February 11, 2015, SEC denied the petition to amend the plan of merger. The Company filed for a request for reconsideration to approve the petition. As of May 10, 2022, the motion for reconsideration is still pending before the SEC.

As of December 31, 2021, it has no employee since all its existing personnel were transferred to ABERDI in anticipation of the merger.

ABERDI entered into a lease agreement with the Company for the plantation area inclusive of the standing crops, properties and equipment effective January 1, 2013 with the option to pre-terminate the lease agreement as agreed by both parties. Also, as provided in the lease agreement, that from October 1, 2012 up to December 31, 2012, ABERDI shall be given access to enter the Company's premises for the set-up, construction and preparation for its intended use of the plantation area. The lease was extended up to April 1, 2020. The lease contract with ABERDI was renewed and will expire on April 1, 2022.

Kalabugao and Impasug-ong plantation and/or nursery are all located in Bukidnon, while Opol and Tignapoloan are located in Misamis Oriental. A total of 193,227 trees (net of mortality) were planted as of December 31, 2021.

Nakeen Corporation's total assets decreased by 4% from ₱223M to ₱ 215M. Leasehold rights decreased by 100% at ₱20.6M in 2021. Rental income amounted to P2.9M in 2021 as compared to ₱3.0M in 2020. Direct plantation costs amounted to P465 thousand for both 2021 and 2020. Operating expenses decreased by 7% in 2021 which amounted to ₱1.7 million as compared to previous year's ₱1.8 million. The company recognized impairment losses amounting to Php 9.1 million for both 2021 and 2020 which resulted to net losses at around Php 8.4 million.

BONSAI AGRI CORPORATION is 100% owned by ABERDI

The Company is wholly owned subsidiary of ABERDI. It was incorporated on February 26, 1997 under SEC Registration No. A199703510. The primary purpose of the Company as amended, is to engage in the business of agriculture in all aspect, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any and all produce and products in both local and foreign markets. The Company has not started its commercial operations as of May 10, 2022. Its principal place of business is in Manolo Fortich, Bukidnon and has no employee as of December 31, 2021.

Bonsai's pre-operating loss increased to ₱235,815 this year from previous year's ₱117,964 due to higher taxes and licenses even if the miscellaneous expenses was reduced to zero this year from last year's ₱100,000. Its total assets remained at ₱2.2M for the last two years.

MASINLOC CONSOLIDATED POWER, INC. (MCPI) 49% owned by ABCI

MCPI was registered with the Securities and Exchange Commission on 4 July 2007 with SEC Registration No. CS200710562. Its primary purpose is to engage in, conduct and carry on the business of construction, planning, purchasing, management and operation of power plants and the purchase, generation, production, supply and sale of electricity, to enter into all kinds of contracts for the accomplishment of the aforementioned purpose. Its current address is at Unit 103-B Cedar Mansion 1 Saint Jose Maria Escriva Drive, Ortigas Center, Brgy San Antonio, Pasig City**.** The Company has not started its commercial operations as of May 10, 2022 and has no employee as of December 31, 2021.

Masinloc has reduced its net loss by 47% from last year's net loss of ₱100,617 to this year's ₱53,136 net loss. Professional fees which amounted to ₱25,000 decreased as compared to last year's ₱52,500. The significant decrease in total pre-operating loss before income tax this year is due to the lower provision of impairment losses. The total assets of the Company remained at ₱6.8 million.

PALM THERMAL CONSOLIDATED HOLDINGS CORP. (PTCHC) is 100% owned by ABCI

Palm Thermal Consolidated Holdings Corp. (PTCHC) was registered with the Securities and Exchange Commission on 22 November 2010 with SEC Registration No. CS201018744. Its current address is at Unit 103-B Cedar Mansion 1 Saint Jose Maria Escriva Drive, Ortigas Center, Brgy San Antonio, Pasig City. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including lands, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties as may be necessary or incidental to the conduct of the corporate business, and to pay in cash, shares of its capital stock , debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

Palm Thermal is the corporate vehicle for ABCI's entry in the power generation business. After the acquisition of PCPC by PTCHC, it entered into various agreements with other investors. PCPC and PCLHC had merged with PCPC as the surviving entity. As of December 31, 2021, the company has no employees.

On January 6, 2015, the SEC approved PCPC's application of the increase in authorized capital stock to 6,000,000,000 shares divided into 1,500,000,000 common shares and 4,500,000,000 redeemable preferred shares both with a par value of P1.00 per share which reduced PTCHC equity interest in PCPC to 20%.

PTCHC posted a net income amounting to ₱78.4 million in 2021 which is slightly lower than the net income of ₱78.6 million in 2020. The operating expenses increased this year from ₱1.2 million in 2020 to ₱1.6 million in 2021. The total assets of PTCHC remained at ₱ 1.0 billion this year inclusive of the ₱920.7 million investment in associate. The deposits for future subscription presented as non-current liability amounted to ₱ 749.4 million as of end of this year.

PALM CONCEPCION POWER CORPORATION (PCPC) is 20% owned by PTCHC

Palm Concepcion Power Corporation (formerly DMCI Concepcion Power Corporation) (PCPC) was registered with the Securities and Exchange Commission on 08 November 2007 with SEC Registration No. CS200718932. Its primary purpose is to acquire, design, construct, invest in, and operate power generating plants in the Municipality of Concepcion, Province of Iloilo and engage in the business of a Generation Company in accordance with Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (the "EPIRA"); and its implementing rules and regulations; and to design, develop assemble and operate other power related facilities, appliances and devices. Its principal place of business is at Sitio Puntales, Brgy. Nipa, Concepcion, Iloilo, Philippines (as amended on 07 January 2011 by the Board of Directors and approved by the SEC on 09 March 2011).

PCPC is the project company for the 2 x 135-megawatt coal-fired power plant in Concepcion, Iloilo. The power plant project is a base load plant that uses Circulating Fluidized Bed Combustion (CFBC) technology that is highly efficient and low-pollution. The first 135MW unit was designed to address the power supply requirements of the Visayas grid and provide a steady flow of power to the growing businesses and economic development in the islands of Panay, Negros, Cebu and even Leyte.

In July 2013, the lending banks signed the term loan financing totaling to Php 10B to partially finance the Engineering, Procurement and Construction (EPC) and finance costs of the project. These were China Banking Corporation (Php 3.5B); Asian United Bank (Php 2.5B) and BDO Unibank, Inc. (Php 4B). BDO Capital & Investment Corporation acted as the Lead Arranger and Sole Bookrunner for the term loan facilities.

PCPC started construction of the first 135MW in 2013 and was able to complete the project after 37 months and 22 days. Its commercial operations commenced on August 16, 2016. Ten (10) electric cooperatives have signed up offtake agreements with PCPC's first 135MW unit for their base load power capacity requirements. The project site is designed to operate and support two units of 135MW.

The new Environmental Compliance Certificate (ECC-OC-1911-0033) was released by the Environmental Management Bureau of DENR last October 8, 2020 which now covers both Units 1 and 2 of the 2 x 135-MW CFBC Coal-Fired Power Plant Project of PCPC.

PCPC Power Plant's Gross Generation for the period January 2021-December 2021 is at 769,994.65MWh.

HYDRO LINK PROJECTS CORP. (HLPC) is 100% owned by ABCI

Hydro Link Projects Corp. (HLPC) was registered with the Securities and Exchange Commission on 6 May 2010 with SEC Registration No. CS201006733. Its primary purpose is to engage in, conduct, and carry on the business of developing, constructing, operating, and maintaining hydro-electrical plants and system and other power generating or converting stations, manufacture, operation, and repair of related mechanical and electric equipment.

HLPC is a registered renewable energy developer with the Department of Energy. HLPC will be ABCI's vehicle to pursue renewable energy projects. HLPC remains on the lookout for opportunities at any stage of development from greenfield opportunities to acquisition of operating power projects.

As of December 31, 2021, the company has no employee and not started commercial operations. Its current address is at Unit 103-B Cedar Mansion 1 Saint Jose Maria Escriva Drive, Ortigas Center, Brgy San Antonio, Pasig City.

Hydro Link's pre-operating net loss was reduced by 85% from ₱14.2 million in 2020 to only ₱2.1 million in 2021 primarily due to lower provision of impairment loss. The property and equipment – net remained at ₱4.6 million in 2021. The deposit for future stock subscription under non-current liability was still about ₱26 million. Total Assets decreased by 29% or ₱1.9 million from ₱6.7 million in 2020 to ₱4.7 million in 2021.

PEAKPOWER ENERGY, INC. (PEI) is 20% owned by ABCI

Peakpower Energy, Inc. (PEI) was registered with the Securities and Exchange Commission on 19 February 2013 with SEC Registration No. CS201303004. Its primary purpose is to purchase, acquire, own and hold, shares of stock, equity, rights and property of energy companies and to others and to provide management services and/or shared services to its subsidiaries and affiliates or to third parties engaged in the energy business. Its principal place of business is at 3/F Joy-Nostalg Center, # 17 ADB Ave., Ortigas Center, Pasig City.

Peakpower Energy, Inc. was formed in 2013 to construct diesel/bunker-fired power plant projects designed to generate peaking energy in various A+/Green-rated electric cooperatives in Mindanao. These projects are Build-Operate-Maintain and Transfer (BOMT) agreements for brand new engines, which will last for 15 years through its subsidiaries as operating units: Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc. and Peakpower Bukidnon, Inc.

PEAKPOWER SOCCSARGEN, INC. (PSI) is 100% owned by PEI

Peakpower SOCCSARGEN Inc. (PSI) was registered with the Securities and Exchange Commission on 18 February 2013 with SEC Registration No. CS201302468. Its primary purpose is to acquire, design, develop, invest in, and operate power generating plants in the General Santos City and engage in the business of a generation company in accordance with Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing rules and regulations, develop and operate conventional and renewable energy resources, sell electricity and carbon credits, act as a wholesale and retail electricity supplier and aggregator and maintain power plants, among others.

Peakpower Soccsargen Inc. (PSI) is a 34.8MW diesel/bunker-fired power plant located in General Santos City. It has a 15-year BOMT agreement with the South Cotabato II Electric Cooperative Inc. (SOCOTECO 2).

The Energy Regulatory Commission (ERC) issued the Certificate of Compliance (COC) for PSI's first 20.9MW (3 units of 6.97MW) capacity last December 1, 2014. Commercial operations started on January 27, 2015.

The 13.9MW (2 units of 6.97MW) Power Plant expansion declared commercial operations last September 12, 2017. ERC granted the COC of the expansion on February 20, 2018.

SOCOTECO 2 is the largest distribution utility in Mindanao and its franchise area includes General Santos City, the municipalities of Glan, Malapatan, Alabel, Malungon, Kiamba, Maasim and Maitum in Saranggani and the municipalities of Polomolok and Tupi in South Cotabato.

PEAKPOWER SAN FRANCISCO, INC. (PSFI) is 100% owned by PEI

Peakpower San Francisco, Inc. (PSFI) was registered with the Securities and Exchange Commission on 22 May 2013 with SEC Registration No. CS201309160. Its primary purpose is to acquire, design, develop, invest in, and operate power generating plants in the Agusan del Sur and engage in the business of a generation company in accordance with Republic Act No. 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing rules and regulations, develop and operate conventional and renewable energy resources, sell electricity and carbon credits, act as a wholesale and retail electricity supplier and aggregator and maintain power plants, among others.

Peakpower San Francisco Inc. (PSFI) is a 10.4MW diesel/bunker-fired power plant with business address located in San Francisco, Agusan del Sur. It has a 15-year BOMT agreement with the Agusan del Sur Electric Cooperative Inc. (ASELCO).

ERC issued the Certificate of Compliance (COC) for the first 5.2MW capacity on March 23, 2015. Commercial operations started on January 26, 2018.

The 5.2MW power plant expansion was granted its Provisional Certificate of Compliance on September 27, 2017, which was extended on February 20, 2018. The expansion plant started commercial operations on January 26, 2018.

ASELCO's franchise area includes the municipalities of San Francisco, Prosperidad, Rosario, Trento, Bunawan, Veruela, Sta. Josefa, Loreto, Sibagat, Esperanza, Talacogon, La Paz, San Luis and Bayugan City.

PEAKPOWER BUKIDNON, INC. (PBI) - 100% owned by PEI

Peakpower Bukidnon Inc. (PBI) was registered with the Securities and Exchange Commission (SEC) on July 24, 2014 with SEC Registration No. CS201414293 primarily to acquire, develop, construct, invest in and operate power generating plants in Bukidnon and engage in the business of a generation company in accordance with Republic Act No. (RA) 9136 otherwise known as the Electric Power Industry Reform Act of 2001 (the "EPIRA") and its implementing rules and regulations , and to develop, assemble and operate other power related facilities, appliances, and devices, and develop and operate conventional and renewable energy resources, sell electricity and carbon credits, act as a wholesale and retail electricity supplier and aggregator, operate and maintain power plants, securing any needed licenses to engage in such business activities and purchasing or otherwise acquiring, for the purpose of holding or disposing of the same, shares of stock, equity, rights, and property of any person, firm, association, or corporation engaged in industries or activities related to energy development, paying for the same in cash, shares of stocks, or bonds of this corporation.

Peakpower Bukidnon Inc. (PBI) is a 10.4MW diesel/bunker-fired power plant with business address located in Barangay Alae, Manolo Fortich, Bukidnon. It has a 15-year BOMT agreement with the Bukidnon Second Electric Cooperative Inc. (BUSECO).

ERC issued a Provisional Certificate of Compliance for the 10.4MW (2 units of 5.2MW) on November 21, 2017, which was extended on February 20, 2018. PBI commenced commercial operation on March 26, 2018.

BUSECO's franchise area includes the municipalities of Libona, Manolo Fortich, Sumilao, Baungon, Malitbog, Talakag, Impasug-ong, Malaybalay, Lantapan and Cabanglasan, all in the Province of Bukidnon.

AB BULK WATER COMPANY, INC. (ABWCI) is 100% owned by ABCI

AB Bulk Water Company, Inc. (ABWCI) was incorporated on March 31, 2015 to engage in the business of holding and providing rights to water, to public utilities and cooperatives or in water distribution in the Municipality of Opol or to engage in business activities related to water development.

ABWCI is currently pursuing the proposed Bulk Water Supply Project for the Municipality of Opol in Misamis Oriental. The Project which will tap the water resources of Lumayagan River aims to supply up to 40 million liters per day per day (MLD) of potable water to cater the present and future requirements of the municipality. Other potential service areas include the neighboring municipalities of Opol – the expanding water needs of Cagayan de Oro City, the city of El Salvador, and the municipalities of Alubijid, Laguindingan, and Gitagum.

The detailed engineering design of the Project has been completed confirming the technical viability of the project as defined during the pre-feasibility study. The Water Permit has been granted by the National Water

Resources Board (NWRB). Likewise, the Environmental Compliance Certificate (ECC) has been secured from the Department of Environment and Natural Resources (DENR). The Watershed Management Study was also completed with the involvement of different LGU sectors and stakeholders.

The project will follow a business model to which it will provide potable water through a bulk supply agreement with a distribution company. ABWCI has been in discussion with numerous possible investors, partners, offtakers, however, no final agreement has been successful completed pending their due diligence on project parameters.

ABWCI remains steadfast to serve the needs for potable water of the LGU within the Cagayan de Oro – Iligan corridor more particularly the possibility of providing water to Cagayan de Oro Water District (COWD), a local water distribution company and as a possible off-taker of the project, which strongly indicates a worthy partnership considering the current scarcity of potable water supplying the franchise area of COWD. In preparation for this undertaking the Company is looking at the potential of Cagayan de Oro River in Municipality of Talakag as possible water sources.

The demand for water is increasing in the regions the ABWCI is focusing on. The Company continues to do pre-development work towards reaching shovel-ready status.

Pre-operating loss before income tax amounted to ₱123 thousand and ₱ 58 thousand as of December 31, 2021 and 2020, respectively. The increase was due to higher professional fees and taxes and licenses. The Company's total assets remained at ₱19.3 million this year which consists primarily of construction in progress amounting to ₱18.7 million as of December 31, 2021 and 2020, respectively. It pertains to costs incurred by the Company related to development of its facilities such as the cost for the design of water treatment plant and transmission, permits and registration fees, professional fees and other costs.

BLAZE CAPITAL LIMITED – 100% owned by ABCI

Blaze Capital Limited is a British Virgin Islands company, incorporated and registered on August 8, 2011. It was acquired by ABCI on May 22, 2017. Blaze Capital Limited has a 33.33% ownership in East West Rail Transit Corporation (EWRTC) which is part of a consortium for the East-West Railway Project under the unsolicited track of the BOT Law and its IRR.

The Consortium, composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) submitted an unsolicited proposal to the Philippine National Railways (PNR) to finance, build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. It will traverse the corridor of Quezon Avenue in Quezon City and España Boulevard in the City of Manila. This project is in line with the objective of the government to provide the most efficient and appropriate solution/system to address the large volume of commuters in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, operation and maintenance.

The Consortium has completed and submitted to PNR and to NEDA thru PNR the pertinent project documents that would satisfy the latest ICC requirements including the Environmental Impact Statement (EIS). These submissions will help facilitate the evaluation and approval of the project. The remaining requirement to be submitted is the Regional Development Council (RDC) endorsement, this can be obtained simultaneously during the NEDA approval stage.

The Consortium has already sought endorsement from the respective hosts LGUs' (Manila and Quezon City) and the No Objection Clearance, in support to their previous no objection in 2017 (Manila) and 2018 (QC). This will support to move forward with the RDC endorsement. Quezon City LGU already sent their letter of support to PNR through a letter dated 7 January 2021.

To date, the Consortium is waiting for the NEDA's evaluation of the project which schedule may have been affected because of the current pandemic situation.

Blaze Capital Ltd. posted a net loss of $3,990 and $3,853 in 2021 and 2020, respectively. The Company recognized an unrealized foreign exchange loss and gain of $123 and $108 in 2021 and 2020, respectively. It also incurred $3,867 operating expenses in 2021 as compared to $3,961 in 2020. Its total assets amounted to $2.4 million in 2021 and to $2.3 million in 2020.

VIRES ENERGY CORPORATION (VEC) – 99.995% owned by ABCI

ABCI acquired 100% of the outstanding capital of Vires Energy Corporation ("VEC") from Argo Group Pte. Ltd. of Singapore in June 2020.

VEC was incorporated in 2015 and is the proponent of the Integrated Floating LNG Storage and Regasification Terminal and a 500MW Floating Natural Gas-Fired Power Plant Project located in Barangay Simlong, Batangas City. Unlike the conventional land-based facility, the Project will use a Floating Power Plant (FPP) or power barge that will receive re-gasified LNG by means of a pipeline.

VEC has secured the Environmental Compliance Certificate (ECC) for the project and has registered the project with the Board of Investments. The Department of Energy Issued a Notice to Proceed (NTP) in April 2021 for the proposed Integrated Natural-Gas Fired Power Plant and LNG Storage and Regasification Project.

The Pre-Front End Engineering Design Phase (Pre-FEED) for the marine and onshore facilities was conducted by Seanergy Singapore and London Marine Consultants was completed in October 2021. The Front End Engineering Design (FEED) phase is ongoing. Wison Offshore and Marine is conducted the Pre-FEED Phase for the Floating Power Plant Component and will be completed in April 2022.

VEC has also secured a 2-hectare plot of land in Batangas for the project site. The property will be developed to include the FPP mooring area or jetty, switchyard, onshore facilities and the balance of plant. Hydrographic and Topographic Surveys were completed and site development drawings are being finalized. Additional land area is being contemplated for other support infrastructure and future expansion.

Vires Energy Corporation (VEC) posted a net loss of ₱2.1 million this year and ₱57.4 million last year which was 96% lower primarily due to the Company's recognition of an impairment loss of ₱52.7 million in 2020. Advances to related party which amounted to ₱630k in 2020 were reduced to zero. The property, plant and equipment-net increased by 38% or by ₱29.6 million from ₱78.5 million in 2020 to ₱108.1 million in 2021. Its total assets increased by 40% which amounted to ₱113.2 million in 2021 and ₱81.0 million in 2020. Trade and other payables increased enormously by ₱10.4 million. Advances from related party also increased by ₱4.8 million as compared from last year's none. Equity decreased by 3% or ₱2.1 million from ₱81.0 million in 2020 to ₱79.0 million in 2021.

IRRADIATION SOLUTIONS INC. (ISI) – 100% owned by ABCI

In January 2021, the Securities and Exchange Commission (SEC) approved the incorporation of the ABCI's new subsidiary, Irradiation Solutions, Inc. (ISI). ISI is developing the Tanay E-Beam and Cold Storage Facility. The project is envisioned to be the first Commercial E-Beam Facility to be built in the Philippines.

The E-Beam Facility will be able to provide services for the sterilization of medical masks, dressings, syringes and surgical staplers and a wide among application for single-use medical devices. The facility will be able to provide commercial irradiation services to improve the quality of agricultural and fishery products. This will enable local products, fruits, and seafood to be of export quality and gain wider access to international markets. The E-Beam technology is used in more than 60 countries and is considered the most economical alternative among available commercial sterilization methods.

As part of the preparation for the implementation of the project, we have already obtained the following government approvals and endorsements:

a) The Board of Investments (BOI) approval under the Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act;
b) The Environmental Compliance Certificate (ECC) issued by the DENR-EMB CALABARZON Region; and
c) The Tanay LGU Endorsement.

Currently, ISI are in the process of securing other necessary approvals and permitting required prior to construction. Likewise, ISI have completed the tendering process for the selection of the contractor and now ready to commence the construction of the project.

Construction is targeted to commence by 1st half of 2022 and commercial operations to start by the 2nd half of 2023.

Irradiation Solutions Inc. (ISI) posted a net loss of ₱9.7 million this year. The Company's construction in progress was recorded at ₱6.1 million this year and deposit for future stock subscriptions reported under non-current liability was at ₱75.6 million.

PHIGOLD LTD. (PhiGold) - 18.70%

PhiGold Limited, a company incorporated in the Cayman Islands on October 20, 2010, is the holding company of the Group comprising PhiGold Plc (100%) and its wholly owned subsidiary PhiGold Mining Limited, both incorporated in England and Wales. The two subsidiaries, however, are currently inactive. PhiGold with its principal activity of investing in gold mining assets has invested 40% in the total voting rights in PhiGold Metallic Ore Inc. (PMOI), a gold mining company incorporated in the Philippines last January 7, 2008. Upon the sale of PMOI shares from PhiGold Mining Limited to PhiGold Limited in March 2011, PMOI is already a direct subsidiary of PhiGold Limited.

PMOI is the contractor of its acquired mining property covered by Mineral Production Sharing Agreement 190-2009-XIII (MPSA 190) granted by the Philippine Government through the Mines and Geosciences Bureau (MGB) under the Department of Environment and Natural Resources (DENR). It has a term of 25 years and is renewable for another term of 25 years. MPSA 190, which has gold and other mineral deposits, is situated in Barobo, Surigao del Sur and has an area of 449.49 hectares. Its exploration period is two (2) years initially and renewable every two years but not to exceed eight (8) years in total. On August 24, 2011, all documentary requirements submitted to MGB Regional Office in Surigao have been forwarded to MGB Central Office in Manila. These documents are required in the conversion of MPSA from Exploration status into Development and Production. On October 11, 2011, the provincial board of Surigao del Sur has resolved to approved and endorsed the mining operations of PMOI. The provincial board resolution has also been submitted to MGB.

With the promising prospect in mining industry due to the increasing gold prices in the world market, A Brown Company's Board of Directors approved on November 29, 2011 the acquisition of 29,376,039 of PhiGold Limited shares representing 22.87% of its outstanding equity. With the entry of the new investor in Phigold, ABCI's equity interest reduced to 18.7%.

APEX MINING COMPANY, INC. (APEX) –

Apex Mining Company, Inc. was incorporated on February 26, 1970, principally engaged in the business of mining and production of gold, silver, copper, lead and other precious metals. The company is listed in the Philippine Stock Exchange.

In October 2014, the Parent company sold all its 388,694,698 shares in Monte Oro Resources and Energy Inc. (MORE) to Apex Mining Co., Inc. (Apex) and subsequently subscribed the same number of shares of Apex. The Parent Company has 8.89% shareholdings in Apex after the SEC approved the increase in its authorized capital stock on January 12, 2015. After the next round of subscription, the company's interest was reduced to 6.24%. At the end of 2020, the Parent Company sold all its remaining 1.03% equity interest in Apex.

(2) Business of Issuer

Principal Products and Services

A Brown Company, Inc. ("ABCI") is a publicly listed corporation which has major interest in the property development and investment in listed and non-listed companies. It is engaged in the business of real estate development located in Cagayan de Oro City and Initao in Misamis Oriental, Cainta, Rizal; Valencia City, Bukidnon and Butuan City, Agusan del Norte. ABCI, through its subsidiaries, also ventured into palm oil milling, power generation, investment in gold mining assets and real estate brokerage.

Real estate is one of the core businesses of A Brown. Its prime real estate development property is Xavier Estates in Cagayan de Oro City. It is Mindanao's most successful high-end residential subdivision. All real estate developments follow the concept of a mixed-use, nature-themed, well-planned integrated community. In recent years, the Company has expanded to economic and socialized housing projects.

HIGH-END PROPERTIES

Xavier Estates ("XE") - located in Fr. Masterson Avenue, Upper Balulang, is the pioneer in premier mixed-use development in Northern Mindanao. This 220-hectare development sprawled on a panoramic plateau overlooking the City has now become 288 hectares through additional acquisitions of adjacent developable areas over the years. It is a perfectly master planned community which guarantees luxury, elegance, prestige, convenience and security. It has 24-hour security, tree-lined streets and landscaped roadways, high pressure sodium streetlamps, centralized water supply system and water treatment facility, parks and playground, jogging and bicycle paths, forest park and bird sanctuary. Within the Estates, there is a fully air-conditioned chapel. Nearby is a school offering preparatory and elementary education, convenience stores, gasoline station and the Xavier Sports and Country Club – *the first and only country club with proprietary membership.* Other modern conveniences are also within reach such as SM mall and a par 72-hole golf course. Just across it, is Xavier University – a grade school and high school university run by the Jesuits including the newly built IT College. Corpus Cristi School, a grade and high school, non-sectarian institution run by lay Christians is also minutes away from Xavier Estates.

Teakwood Hills Subdivision is located in Barangay Agusan, Cagayan de Oro City, some 2.3 kilometers from the national highway going uphill. This new and idyllic enclave has a breathtaking endless view of the mountains and the sea. It was inaugurated on September 22, 2007. Part of its master plan development is a perimeter fence with ingress and egress controlled by two gates, 24 hour security, private cul-de-sac with esplanades and parks designed to create a pastoral ambience. The roads are eight meters wide and lined with trees. It has a club house with recreational amenities such as infinity swimming pool and basketball court. Lot sizes starts from a minimum cut of 250 sq.m., all with a 180-degree scenic view of the famous Macajalar bay and an elevation of 220 meters above sea level.

Valencia Estates is located in Barangay Lumbo, Valencia City, Bukidnon was launched in October 2008. It is a 11.72 hectares project with an estimated 351 saleable lots ranging from 150 to 293 sq.m. each. Valencia Estates' amenities are patterned after the excellent standards of a plush subdivision with a road network of 15 meters for the main road, 10 meters for the service roads complete with sodium street lamps; a basketball court, a clubhouse with a swimming pool. It also has open spaces and playground, perimeter fence and a 24-hour security service.

Coral Resort Estates is a mixed-use development located at Brgy. Pagahan, Initao, Misamis Oriental, between the cities of Cagayan de Oro and Iligan. The project is 60 kilometers from Cagayan de Oro and is 27 kilometers away from the Laguindingan International Airport. The development includes a ₱ 30 million clubhouse. The total land area is 10 hectares with a total development area of 5.397 hectares with an average lot cut of 250 sqm. Phase 1 of the project will comprise 82 lots. Cluster A has 42 saleable lots with an area of 2.5 hectares while Cluster B has 40 saleable lots with an area of 2.9 hectares.

West Highlands is a residential estate located in Brgy. Bonbon, Butuan City. The project is just 3 kilometers from the JC Aquino Avenue junction and approximately a five-kilometer drive to all major establishments and service facilities in the city. The total area of development of Phase 1 is 25.9 hectares and 289 feet above sea level which gives you an opportunity to have an exclusive view of the historic Mt. Mayapay or the cityscape. Situated at the delta of the mighty Agusan River, Butuan was a trading entrepot that flourished about 900-1000AD within the Southeast Asian maritime trading empire. It is also in Butuan that actual specimens of the ancient boats known as balanghai-today aptly renamed the Butuan Boats- were found.

West Highlands Phase 2 was launched in October 2017 with a total of 156 lots for sale. There are 75 fairway and 81 inner lots. Fairway Lots have an average of 360 sq.m. lot cut while inner lots have an average of 250 sq.m. lot cut.

West Highlands Golf Club features a 9-hole golf course. Opened for public use in November 2016, the golf course is frequented by local and national golfers. This one-of-a-kind executive all-weather golf course offers

Mindanao's first paspalum re: eco-friendly turf grass and moderately undulated green and fairways. A 16-lane driving range is also one of the features in the area.

Xavier Estates Phase 6 – Ignatius Enclave features house and lot units and prime lots. House and Lot units are single detached with lot area of 110 to 120 sq.m. and floor area of 60 sq.m. Prime lots have lot cuts of 250 to 400 sq.m. Aimed at fostering The Happy Community concept, the modern minimalist houses introduced ABCI's first venture into the vibrant house colors of yellow, orange, blue and green accents. Abundant green open spaces shall also highlight the subdivision.

The Terraces in Xavier Estates highlights prime cascading ridge lots of 180 to 400 sq.m. in size. Located in the terraces-like land configuration, this area commands a 180-view of the city of Cagayan de Oro and the mountains of Bukidnon and is low dense with less than 46 lots for sale.

Economic Housing

Xavier Estates Ventura Residences (Phase V-A) is the first venture of A Brown Company, Inc. into the middle market house-and-lot package. Ventura Residences is nestled inside the Xavier Estates, a secluded place in a guarded gated community. Alicia-modified model house has three rooms and a master's bedroom; three toilet and bath (T & B); a maid's quarter with separate T & B; a carport and terrace. Ventura Residences has parks and playground and 6-meter wide service roads.

Ventura Lane is located beside Ventura Residences with lot cuts of 250 sq.m. while Cluster B & C have lots cut at 110sq.m.

Xavierville Homes Subdivision is adjacent to the Xavier Estates project. It is an economic housing development under BP 220. Phase 1 has an area of 1.8 hectares while Phase 2 has an area of 0.60 hectares for a total of 131 saleable lots.

East Cove Village is located in Barangay Sto. Domingo, Cainta, Rizal which is conveniently situated at the back of Robinsons shopping center and very accessible by public transportation along Ortigas Extension. This master planned mini subdivision will have the atmosphere of resolute safety and conspicuous ambiance of a first-rate community and neighborhood, truly an affordable world of enclave living. It is a 2.6 hectares project with 140 lots. It was opened to the market in 2005 and was sold out in less than 2 years. It has a perimeter fence for security and privacy, landscaped entrance gate, wide cemented roads – 10 meters wide main road and 8 meters wide auxiliary roads, concrete curbs and gutters, paved sidewalks lined with trees, storm drainage system, mercury lamps along the road, park and playground, street lamps and centralized water system. The HLURB had issued the Certificate of Completion of the project in February 2009 and the Local Government Unit has already accepted the donation of its open spaces and road lots. On January 21, 2012, the village administration was turned over by ABCI to the new set of officers of the Homeowner's Association.

Adelaida Park Residences located below Xavier Estates is the first residential subdivision in the region offering a ridgeview linear park. The linear park is 410 linear meters in length with park lights along the jogging path/bicycle path. Single detached and attached house and lot units are offered with lot area ranging 90-161 sq.m. with floor area ranging 60-60.5 sq.m. Adelaida Park Residences has single houses sufficiently spaced from each other with its own parking space; is a gated community with ranch-type perimeter fence; has proposed pavilion; and is certified flood-free with an elevation of 157 feet above river bank.

Xavier Estates Phase 5B – Ventura Residences II also features house and lot units and prime lots. Located at the back of Ventura Residences I, this second phase have the identical house colors of orange and cream as the first phase. House and Lot units are single detached with a lot area of 110 to 170 sq.m. and floor area of 80 sq.m.. Prime lots with lot cuts of 110 to 500 sq.m. are located by the ridge.

Socialized Housing

St. Therese Subdivision is a socialized housing project located in mid-Balulang, Cagayan de Oro City. It is about 1.67-hectare project with 155 saleable lots ranging from 50 to 75 sq. m. with floor area of 25 to 28 square meters. There are 91 units of row houses; 38 units of duplexes and 17 units of single-attached that have been for the project.

Mountain View Homes. is another socialized housing project of ABCI. Phase 1 opened in February 2015 with 215 houses and lot units while Phase 2 was opened in November 2016 with 83 house and lots units. Located in Mid-Balulang, Cagayan de Oro City. Mountain View Homes is accessible to churches, schools, malls and commercial establishments. The socialized housing project has row houses with lot area of 50 sq.m. and floor area of 26sq.m. Single detached units for economic housing have a lot area of 75-143 sq.m. and floor area of 36-38 sq.m.

Mangoville. The "Sosyal Socialized Housing" project of A Brown Company located in Barangay Agusan, Cagayan de Oro features duplex house designs and with own parking space; with 10-meter wide main roads and 8-meter wide inner roads; with guardhouse and perimeter fence; and with an elevation of 169 meters above sea level overlooking Macajalar Bay. Mangoville is built on a 3.5 hectares area with a total of 235 housing units. Each unit of the duplex house has a lot area of 67.5 sq. m. and a floor area of 22 sq.m.

Sales recorded for the year includes units that were fully booked and were amortizing based on percentage of completion.

Foreign Sales not applicable

Product Lines:

Net Sales	70.79%
Equity in Net Gain of an Associate	27.26%
Financial Income	0.22%
Gain on Sale of Property, Plant and Equipment	0.03%
Others	1.70%

The Company has five categories for products and services. The ***first*** category covers real estate activities, sale of palm olein, palm stearin, refined bleached deodorized oil, palm acid oil, palm fatty acid distillate and crude palm oil processed from the mill plant of ABERDI, water services and kernels. The revenue from this category accounts for about 70.79% of the total income. The ***second*** category covers equity in net income of an associate. The ***third*** category covers interest income for saving accounts and in-house financed lot sales. The *fourth* covers the gain on sale of property, plant and equipment. The ***fifth*** category is an income derived from water tapping fees, transfer fees and other water charges, service fees, penalties on late payments and income from forfeited deposits, dividend income, unrealized forex gain and rental income.

Distribution Methods of Products and Services

Acknowledging the dynamism of the marketplace, ABCI started opening its sellers' market. From five (5) partner realties, it has accredited various realties selling ABCI properties in Cagayan de Oro; Initao, Misamis Oriental; Butuan; and Bukidnon.

The performing realties were Abejo Realty, AC Realty, ANJY Realty, Bachelors Realty and Brokerage, BCP Realty, Castle Realty, CDO Brokers and Associates, Chee Realty and Development Corp, CLM Realty, Divine Graceian Realty, DK Realty Philippines, ES REalty, Fam Associates Realty and Services, Golden Nest Realty and Brokerage, Highlands Realty and Brokerage, JAC Homes Realty, JKY Realty, JYA Real Estate Services, Kampo Uno Realty, LA Keystone Realty, Land Asia Realty and Devt Corp, Landswem Infinite Realty, Leuterio Realty and Brokerage, Majestic Stars Real Estate Services, Marian Realty, Power Properties Realty Mgt, Property Provider Realty, Roland Harvest Ranoa Realty Corp, Ryra Realty, Seankirsten Realty, Silucorp Real Estate, Sios-e Realty, Sit Benedictus Realty, SVF Realty, Truly Wealthy Realty, U1st Realty, VEFF Realty Services, Villono Realty, VZ Stellar Realty, and ZMS Realty and Brokerage.

Significantly, on top of the regular commissions, sellers receive novel incentives such as huge cash incentives, travel perks, and branded bags or watches or jackets. They also receive mugs and wine with personal messages from the President.

The first Hall of Famer Award was presented to Rizalinda Chee-de Jong of Chee Realty and Development Corporation. A loyal broker of ABCI for 25 years, Ms. de Jong was a consistent gold awardee and has exhibited outstanding sales leadership and exemplary and unparalleled sales performance all these years. Moreso, outstanding brokers and realties are recognized through Monthly Sales Achievers Ceremonies, Quarterly Awarding Ceremonies and the Annual Sales Conference.

The Brokers' Care and Engagement Programs were instituted and has significantly increased the brokers' attention to ABCI projects, making it top-of-the-mind when selling. Aside from the personal chat and exchange with the individual brokers, company activities included them such as health and wellness programs and the women's talk. Regular personal exchanges between ABCI heads and sellers have boosted loyalty.

With onset of COVID-19 in 2020, much of the interaction between sellers and buyers were done online. There was an intensified presence in the social media as this was the primary means of correspondences apart from Brooky and private messages. Videos of the projects were enhanced, walk-through to the model houses were created, announcements were converted into online posters.

Under the Chief Executive Officer, the ABCI Sales and Marketing Department continues to brainstorm for promotions and advertisements aimed to respond to the market's preferred choice of real estate products.

Lastly, these changes are all anchored on the ABCI vision of "Creating enlightened and happier communities for the common good".

New Products or Services

Three new projects were introduced to the market: Coral Resort Estates Phase 2; Teakwood Hills Phase 3; and Ignatius Enclave 2. Coral Resort Estates Phase 2 is situated in the southern part of the Coral Resort Estates in Brgy. Pagahan, Initao, Misamis Oriental. It covers approximately 4 hectares comprising of lots for sale ranging from 180 to 398 sqm. Teakwood Hills Phase 3 occupies three (3) hectares in the northern portion of Teakwood Hills located in Brgy. Agusan, Cagayan de Oro City. It is coined as Belle del Mar and offers lots for sale at 180sqm to 316sqm. Ignatius Enclave 2 located in Balulang, Cagayan de Oro City features house and lot units. These single detached two-storey units have a floor area of 120sqm and are located in 120 sqm lot areas. Houses could also be built in bigger lots ranging from 150sqm to 415sqm.

Competition

Among several real estate business developments in Cagayan de Oro City, Camella Homes and Johndorf Ventures Inc. **Pueblo de Oro Development Corporation, and Cebu Landmasters** are competitors offering same product and pricing packages as that of Adelaida Park Residences, Ignatius Enclave and Ventura Residences under the economic housing category. Ayala Land's Alegria Hills claim to be a competitor of Teakwood Hills' magnificent and endless view. For the project in Valencia City, Mountain Breeze is the project in the same category. For Butuan City, other players are the developers of Camella, Filinvest and VCDU projects. Ayala Land, Johndorf Ventures Inc., and Camella are competitors in the socialized housing. For the lot only market in Cagayan de Oro, competitor is Pueblo de Oro Development Corporation (mixed use development) **and Robinson's.**

Most buyers of ABCI real estate projects regard its value appreciation potentials as highly attractive. Another plus factor is the dynamism of its marketing group which is ably handled by its very able marketing personnel in tandem with its well-trained sales agents/brokers. This is the Company's commitment to offer affordable lot and house and lot packages for a well-planned project focused on family oriented and nature-themes environment. The key is security, good location and accessibility to basic locations (supermarkets, churches, public utilities, etc.). It is able to compete for its ability to attract customers which greatly depend on the quality and location of the projects, reputation as a developer, and reasonable prices and pricing schemes and the concept of a well-planned integrated community.

For the Oil Palm Mill, the competitors are Filipinas Palm Oil Plantation, Inc. (Rosario, Agusan del Sur), Kenram Industrial & Development, Inc. (Kenram, Isulan Kultan Kudarat), Agumil Philippines, Inc. (Trento, Agusan del Sur), Univanich Palm Oil Inc. (Carmen, North Cotabato) and Palm Asia Milling Corp. (Matanao, Davao del Sur).

Sources and Availability of Raw Materials

Construction materials for the Cagayan de Oro project were mostly sourced within the city while those used for Manila Operations were also sourced in Manila. The company is not dependent upon any single supplier.

Projects are awarded to qualified bidders. Thus, the Company's suppliers are just related to supplies needed for maintenance and/or office needs. List of its principal suppliers are provided on Exhibit II, page 91-92.

For Palm Oil Operations, fresh fruit bunch suppliers are from nearby towns of Bukidnon, Misamis Oriental, Cagayan de Oro City, Cotabato City, Agusan del Sur, Sultan Kudarat, and North Cotabato while the buyers for the crude palm oil (CPO) are from Cagayan de Oro City, Surigao del Norte, Iligan City and Butuan City.

Customer Profile

For the projects offered 2021, there is a 19% representation from the OFW market particularly nurses, doctors, seafarers, engineers and retirees. Nine per cent (9%) of the market of ABCI products are married to foreigner. And the remaining 72% are businessmen and professionals from Northern Mindanao and the Caraga region.

Payment habits are good and very keen on the project's completion. For East Cove Village, the lot buyers were 72 local and 68 from OFWs. On the other hand, the buyers for Teakwood Hills Subdivision, Valencia Estates and West Highlands are local businessmen and professionals and OFWs who want to upgrade their location. Buyers for Mountain View Homes are teachers, government employees and professionals. Adelaida Park Residences' buyers are local professionals and businessmen while Ignatius Enclave and Ventura Residences II attracted OFWs, managers and executives of private companies, businessmen, and second-home buyers.

Buyers for Crude Palm Oil (CPO) are from Davao, Bukidnon, Butuan, Cagayan De Oro, Iligan City. However, we have bulk sales for processed palm oil products like palm olein same with palm stearin. Likewise, our Golden Belle brand packaging products (18 kgs in Plastic Container and 50 ml Roll Type Pouches) are focus within Northern Mindanao Areas. While other processed palm oil by products like Palm Fatty Acid and Palm Acid Oil are sold to export buyers.

Related Parties

The Company and its subsidiaries and certain affiliates, in the ordinary course of business have entered into transactions with each other principally consisting of reimbursement of expenses and management agreements. All transactions were done on commercial terms and arms-length basis. See Note 15 of the attached Notes to the Consolidated Financial Statements.

Patents, Trademarks, etc. Not applicable

Government Regulations

There are no existing governmental regulations which may have adverse effects on the business. Licenses to sell for all on-going projects have been secured.

Phases 1 to 4 of Xavier Estates have accordingly been secured and compliance with all the requirements of HLURB have been undertaken. The existing real estate project called Xavier Estates has been granted an Environmental Clearance Certificate (ECC) No. 10(43)00-01-31-1502-50110 which was released on January 31, 2000 consolidating the four phases (I, II, III, IV) of the project. The said certificate supersedes the ECCs previously issued to Phases I, II and III. Xavier Estates Block 62 and 63 belong to Phase 1 of XE project which has an alteration permit no. 026-2008 while its ECC is 10(43)00 01-31-1502-50110. Phase V of Xavier Estates has been issued an ECC No. R10-0912-0091. It supersedes ECC No. 10(43)00 01-31-1502-50110. The project is being visited twice a year by the Multi-partite Monitoring Team to check the Company's compliance to the ECC issued. ABCI pays an annual fee for its Mindanao projects and its being handled by the Guardians of the Earth Association, Inc.

Teakwood Hills Subdivision's ECCs are (43)06 09-11 4294-50200 and R10-0912-0090, Development Permit No. is 014-2007, and License to Sell are 25268 and 030226 which amends LTS Nos. 18507/24800/28390. For Xavierville Homes Subdivision its ECC is 10(43)05 05-16 4004-50200, Development permit no. is 010-2007 and License to Sell are 18500/22399. Valencia Estates ECC license is R10-1001-0009/10(13)07 07-30 4456-50200 while its Development Permit is 07/01 and its License to Sell are 19846 and 24770. For the Cainta project, an ECC has been issued last November 6, 2003 under no. 4A-2003-1100-8410 and a development permit issued by the Sangguniang Bayan of Cainta, Rizal under Resolution No. 2003-084. The HLURB License to Sell No. 11990 was released in February 2005. Saint Therese Socialized Housing has been issued with ECC No. R10-0912-0089, Development Permit No. 002-2011 and License to Sell No. 24799 while Initao Coral Resort Estates has an ECC No. R10-1001-0013 with Development Permit No. 2011-04-01 and License to Sell Nos. 28380/28404/029461. Ventura Residences ECC License is R10-0912-0091, Development Permit No. 007-2011 and License to Sell are 25834/25265/029473/030205 while for Ventura Lane's ECC No. is R10-0912-0091, Development Permit is 007-2011 and License to Sell No. is 02469. In Butuan City's West Highlands, the only golf and residential estates in Caraga region has an ECC No. R13-1204-037, Certificate of Registration No. 23586 and License to Sell Nos. 25889 which was amended to 28412, 28413 & 029465. The LTS for West Highland Phase 2A is 031773. Mt. View Homes has an ECC No. R10-1408-0217 with Development Permit No. 005-2014 and License to Sell No. 029442 for its socialized housing and License to Sell No. 029443 for its economic housing. Mt. View Homes 2 has License to Sell No. 031712 for its economic housing and License to Sell No. 031713 for its socialized housing. Adelaida Park Residences has License to Sell No. 031714.

The Mangoville project has secured its Development Permit No. 004-2017 and License to Sell No. 031789. Xavier Estates Phase 6 - Ignatius Enclave has an ECC No. R10-0912-0091, Development Permit No. 006-2018 and License to Sell No. 033723. Xavier Estates Phase 5B - Ventura Residences 2 has an ECC No. OL-R10-2018-0091, Development Permit No. 007-2018 and License to Sell No. 033724. Development Permit No. 005-2018 and License to Sell No. 033722 were also issued for The Terraces in Xavier Estates.

Xavier Estates Phase 6 Ignatius Enclave Phase 2 - issued Provisional License to Sell REM-LS-22-001 on December 27, 2021. Teakwood Hills Belle del Mar (Phase 3) - issued Provisional License to Sell REM-LS-22-002 on December 27, 2021. Coral Resort Estates Phase 2 - issued Provisional License to Sell REM-LS-21-017 on July 23, 2021.

The Palm Oil Mill's ECC 10(13)06 04-19 4210-31171 was issued on April 19, 2006. It was amended to include Palm Oil Refinery with Fractionation Plant which was approved on February 6, 2013. For the oil palm plantation project, its ECC no. 10(13)07 03-20 4384-31171 was issued on March 20, 2007. For Kalabugao nursery, the Philippine Coconut Authority registration was approved and released last December 24, 2008. While the permit to import oil palm seeds were released on January 12, 2009.

ABERDI received its License to Operate as Food Manufacturer with LTO NO. CFRR-RX-FM-1195 from Food and Drug Administration on July 1, 2016. In addition, the company also received the HALAL registration certificate for the Refined Palm Oil Products on April 29, 2016 with IDCP-NO. 2016-F-828,

Palm Concepcion Power Corp. (formerly DMCI Concepcion Power Corp.) was granted ECC No. 0606-006-4021 dated May 27, 2007 as amended in November 4, 2010 for the proposed construction of the power plant. Endorsements from different levels of the local government units were also issued for the project, namely: Sangguniang Barangay Resolution No. 2004-17 dated December 22, 2004; SB Resolution No. 2005-06 dated January 24, 2005 and SB Resolution No. 2011-068 dated June 13, 2011 (which affirms earlier Resolution and recognizing new corporate name), Provincial Development Council through Resolution No.2005-031 dated July 5, 2005 which favorably endorsing the project to the Regional Development Council; from the Office of the Provincial Governor of Iloilo dated November 10, 2011 and from the Office of the Municipal Mayor of Concepcion, Iloilo dated November 10, 2011.

The Department of Energy (DOE) endorsed the project to the National Grid Corporation of the Philippines (NGCP) to conduct Grid Impact Study (GIS) on February 16, 2011 and classified the project from "Indicative" to "Committed" on February 10, 2012.

The Department of Natural Resources (DENR) granted PCPC's request for ECC extension on May 9, 2012 and likewise approved the request for ECC amendment for the increase in capacity from 100 MW to 135 MW and relocation of certain project components on October 12, 2012.

With the ECC amendment, the company once again consulted the local government units and appropriate Resolutions interposing no objections were passed and issued as follows: "Sangguniang Barangay Resolution No. 2012-19 dated October 17, 2012 affirming Resolution No. 2012-04; Sangguniang Bayan Resolution No. 2012-99 dated November 5, 2012 affirming SB Resolution No, 2011-69 and Provincial Development Council Executive Committee Resolution No. 2013-034 dated March 13, 2013 affirming the Provincial Development Council's Resolution No. 2005-031.

The Board of Investments (BOI) issued the Certificate of Registration (2012-114) to PCPC on June 27, 2012 and approved PCPC's request for amendment for the change in ownership and increase in capacity from 100 MW to 135 MW on October 2, 2012.

The Environmental Management Bureau (EMB)- Region 6, granted PCPC the Authority to Construct (14-AC-F-0630-1258) and Permit to Operate (14-POA-F-0630-1258) Air Pollution Source and Control Installations on November 3, 2014. A Discharge Permit (15-DPW-F-0630-1258) was also issued by EMB on January 5, 2015, allowing PCPC to discharge treated wastewater to Concepcion Bay.

With the request of PCPC to DENR to amend its ECC for the extension of the 350-meter pier conveyor facility, DENR issued a new ECC (ECC-CO-1409-0022) to PCPC on June 19, 2015.

The National Water Resources Board (NWRB) issued a Conditional Water Permit (CWP No. 11-26-14-036) to PCPC on November 26, 2014 granting PCPC to use Concepcion Bay as water source for its desalination plant. Thereafter, the CWP issued was superseded by NWRB as they issued a Water Permit to PCPC with No. 023707 on January 22, 2016.

The Philippine Ports Authority (PPA) granted a Permit to Construct with No. 2015-001 to PCPC on April 24, 2015 granting PCPC to construct a Private Non-commercial port in Barangay Nipa, Concepcion, Iloilo. PPA, then, issued a Certificate of Registration/Permit to Operate (No.491) to PCPC effective February 29, 2016.

The Energy Regulatory Commission issued to PCPC a Provisional Authority to Operate on July 14, 2016 for its 135 MW Circulating Fluidized Bed Coal-Fired Power Plant. Moreover, the Department of Labor & Employment (DOLE) issued to PCPC Permit to Operate for its various power plant equipment in August 2016. Hence, on August 16, 2016, the said plant started its commercial operations. Ten (10) distribution utilities and electric cooperatives have signed up with PCPC for their base load power capacity requirements.

To date, PCPC has renewed its permits as required by various government agencies and is continuously fulfilling its purpose by serving the needs of its customers, helping ensure that homes and businesses have dependable and uninterrupted power supply, which they can afford, as it continues to uphold its commitment to the environment and host communities.

Personnel complement of A Brown Group of Companies as of December 2021 is presented below.

As to position:

Positions	No. of Personnel
Officers	9
Managers (including AVPs)	19
Supervisors	38
Rank and File	138
Total	**204**

As to function:

Functions	No. of Personnel
Operations	102
Sales and Marketing	21
Accounting/Credit and Collection/Finance	24
Administration	57
Total	**204**

The Company expects to maintain its number of employees in the next 12 months.

Risks

A Brown Company, Inc. and its subsidiaries are exposed to financial, operational and administrative risks which are normal in the course of the business, depending on the business industry sector where each of the subsidiaries operate. It is subject to significant competition in each of its principal businesses. ABCI competes with other developers and developments to attract lot buyers and customers for its real estate and palm oil operation. Other risks that the company may be exposed to are the following: changes in Philippine interest rates, changes in the value of the Peso, changes in construction material and labor costs, power rates and other costs, changes in laws and regulations that apply to the Philippine real estate industry and changes in the country's political and economic conditions as well as global health risk or pandemic. Please refer to Note 24 of the Notes to the Audited Consolidated Financial Statements for the discussion on Financial Risk Management Objectives and Policies.

The Company and its subsidiaries have formed board committees composed by their respective directors to mitigate if not to avoid these risks. The Audit Committee and Risk Committee in cooperation with the Company's external and internal auditors exercise the oversight role in managing these risks. It also manages the financial and business risks in accordance with the company's risk profile and risk culture to strengthen the company's position when faced with these risks.

Even larger economies are confronted with downside risk on its credit ratings. Other sovereignties have also been feared to default on its obligations. Global financial crisis if not contained will have a ripple effect to other volatile economies as investors lost confidence and hold back investment.

In recent years, the Philippines enjoys an unprecedented level of confidence among international business community and has improved its global competitiveness rankings. It has received an investment grade and stable outlook on its long-term sovereign credit ratings among the three major credit ratings agencies. The improvement of credit ratings will provide a lower cost of capital on its borrowings.

In spite of opportunities, downside risks to growth exist with the presence of external and domestic shocks. The slowdown in large emerging economies, and conflicts in Middle East and Europe particularly the Ukraine-Russia conflict are some of the external forces that would pull growth opportunities down. Disasters arising from natural hazards, delays in infrastructure and reconstruction projects, logistics bottlenecks and thin power reserves are perceived to be internal forces that will hamper growth.

As the heat of the global recession hampers growth, the country may be able to weather a global economic slowdown for as long as the fiscal reforms are sustained. Regulatory agencies are also key partners in combating financial crisis through continued vigilance in their examination of compliance to rules and regulations, pro-active in implementing economic programs to sustain pump-priming activities and responsive to the needs of time like the implementation of economic bail-out plan in order to curtail the systemic effect of sectoral crisis trickling down to the whole economy that will affect all local business sectors. Bangko Sentral ng Pilipinas in particular should remain steadfast in its mandate to maintain effective financial system and institute preventive and corrective measures to alleviate the ill-effects of the startling financial difficulty i.e. credit crunch resulting to home foreclosures that became the housing crisis which will ultimately affect the whole economy if not resolved in immediacy. The government should also have the capacity to fix and clean-up the mess that scandals and accusations of graft and corruption within the bureaucracy to encourage and boast foreign and domestic investors' confidence. Although this may have an indirect impact on the company's growth but if the economic slowdown will set in, inevitably this will weaken the business volume, revenue and profits. It may affect the Company's business activity – low demand, higher interest rates and stiff competition. Global pandemic like COVID-19 is creating unprecedented economic havoc due to lockdowns that limit economic activities and to practice physical distancing to curb widespread infection to the populace.

The company is also subject to risks inherent in real estate development. There is a risk that financing for development may not be available on favourable terms; that construction may not be completed on schedule or within budget due to shortages of materials, work stoppages due to unfavourable weather conditions, unforeseen engineering, environmental and geological problems and unanticipated cost increases; that new governmental regulations including changes in building and planning regulations and delays to obtain requisite construction and occupancy permits; and developed properties may not be leased or sold in profitable terms and the risk of purchaser and/or tenant defaults.

On the other hand, there are also factors that expose the Plantation to risks. These are the peace and order condition of the plantation sites, infestation of pests and diseases and farm to market road (provincial and barangay roads). Generally, the peace and order situation in the plantation area is stable. Coordination for security is made with the cooperation from the local government. Weather disturbance which causes landslides making the roads impassable also delay transporting the fruit bunches to the mill plant.

Risk factors for the mill business are as follows: i) breakdown of one major equipment such as purifier, steam boiler, turbo-alternator and/or fruit digester will paralyze the operation for days, weeks or months; ii) non-adherence to environmental restrictions may cause plant closure or work stoppage; iii) unplanned breakdown of High Power Boiler equipment for Refinery and Chiller for Fractionation can cause to cease operation.

Disclaimer: This Annual Report may contain certain forward-looking statements, which involve risks, uncertainties, and assumptions. The actual results of the Company could differ materially from those anticipated in these forward-looking statements.

Research and Development

The company is currently doing market studies for a possible expansion of its palm oil plantation and possible projects related to energy and power. The company does not expect to conduct any significant product research and development in the foreseeable future other than related to its existing operations.

Item 2. PROPERTIES

Real properties owned by A Brown Company, Inc. and its subsidiaries are shown on Exhibit IIIa, IIIb and IIIc, page 93-97. Most of the properties were already transferred under ABCI's name. The merger of ABCI and several of its subsidiaries in December 1999 and June 2002 as mentioned in Item 1 of Part 1, has caused the inclusion of properties under East Pacific Investors Corp. (EPIC), but legally, the owner is already ABCI. For properties with individual names indicated, the documentation on the transfer of ownership is still on process. Some real properties were on lease with contracts providing for renewal options subject to mutual agreement of the parties. Rental rates are based on prevailing market rates for the said properties. Other real properties that the Company intends to acquire are still under review depending on the factor/s such as demographics and accessibility to public transport. ABCI's preferred mode of acquisition would be thru purchase or joint ventures with landowners. It continues to assess its landholdings to identify properties which no longer fit its overall business strategy and hence, can be disposed of.

EXHIBIT- I

FINANCIAL SOUNDNESS INDICATORS

Financial Ratios Consolidated Figures	Audited 12/31/2021	Audited 12/31/2020	Audited 12/31/2019
Current ratio[1]	2.99:1	2.50:1	2.45:1
Quick ratio[2]	1.19:1	0.93:1	0.76:1
Solvency ratio[3]	0.16:1	0.14:1	0.25:1
Total Debt to Equity ratio[4]	0.44:1	0.53:1	0.53:1
Asset to Equity ratio[5]	1.44:1	1.53:1	1.53:1
Interest coverage ratio[6]	5.48x	6.18x	10.45x
Return on Equity[7]	7.77%	7.15%	13.26%
Return on Assets[8]	5.26%	4.67%	8.56%
Profit Margin ratio[9]	55.97%	34.04%	48.14%

[1]*Current assets/Current liabilities*
[2]*Current assets less contract assets, inventories and prepayments/Current liabilities*
[3]*Net Income plus depreciation/Total liabilities*
[4]*Total liabilities/Stockholders' equity*
[5]*Total assets/Stockholders' equity*
[6]*Earnings before income tax, interest, depreciation and amortization/Total Interest Payment*
[7]*Net Income/ Average Total stockholders' equity*
[8]*Net income/Average Total assets*
[9]*Net income/Revenue*

Current Ratio
The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. It tells investors and analysts how a company can maximize the current assets on its balance sheet to satisfy its current debt and other payables.

Acid test Ratio or Quick Ratio
The acid-test, or quick ratio, compares a company's most short-term assets to its most short-term liabilities to see if a company has enough cash to pay its immediate liabilities, such as short-term debt.

Solvency Ratio
Solvency ratio is one of the various ratios used to measure the ability of a company to meet its long term debts. Moreover, the solvency ratio quantifies the size of a company's after-tax income, not counting non-cash depreciation expenses, as contrasted to the total debt obligations of the firm. Also, it provides an assessment of the likelihood of a company to continue congregating its debt obligations.

Debt-to-equity Ratio
The debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage and is calculated by dividing a company's total liabilities by its shareholder equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds. More specifically, it reflects the ability of shareholder equity to cover all outstanding debts in the event of a business downturn. The debt-to-equity ratio is a particular type of gearing ratio.

Asset-to-equity Ratio
The asset to equity ratio reveals the proportion of an entity's assets that has been funded by shareholders. A low ratio indicates that a business has been financed in a conservative manner, with a large proportion of investor funding and a small amount of debt. A high asset to equity 125 ratio can indicate that a business can no longer access additional debt financing, since lenders are unlikely to extend additional credit to an organization in this position.

Interest Coverage Ratio

The interest coverage ratio measures the number of times a company can make interest payments on its debt before interest and taxes (EBIT). In general, the lower the interest coverage ratio is, the higher the company's debt burden, which increases the possibility of bankruptcy.

Return on Assets (ROA)

The Return on Assets (ROA) figure gives investors an idea of how efficient the company uses the assets it owns to generate profits.The higher the ROA number, the better, because the company is earning more money on less investment.

Return on equity (ROE)

Return on equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. It is considered a measure of a corporation's profitability in relation to stockholders' equity. Whether ROE is deemed good or bad will depend on what is normal among a stock's peers. A good rule of thumb is to target an ROE that is equal to or just above the average for the peer group.

Net Profit Margin

The net profit margin is a ratio formula that compares a business's profits to its total expenses. The net profit margin allows analysts to gauge how effectively a company operates. The higher the net profit margin, the more money a company keeps.

EXHIBIT- IIa

LIST OF ACCREDITED SUPPLIERS (TOP) – ABCI
FOR THE YEAR 2021

Supplier	Address
Ara Indistrial Supply	Sacred Heart, Carmen, CDO City
BME Partners, Inc.	Dr7 GSC/RA Bldg, Gusa, CDO City
Butuan Metro Hardware Incorporated	Mont. Boulevard cor. Burgos St., Tandang Sora, Butuan City
Citi Hardware Bacolod, Inc.	Nat'l Highway, Tablon, CDO City
Dataworld Computer Center	T. Neri St., CDO City
FMV Drilling Industries Sales and Services	DR 2 Raagas Cmpd, Zone 2 Kauswagan, CDO City
GSC-RAC Company, Inc.	Gusa Highway, CDO City
GTS Construction Supply & Devt Corp.	Corrales Ext., CDO City
Heaven Spare Parts Trading	Zone 5, Ilaya, Vamenta Blvd. Carmen, CDO City
JAS Trading & Gen. Services	T.Neri St., Baloy, Tablon, CDO City
Jhaycor Industries, Inc.	KM10 Diversion Road, Sasa, Davao City 8000
JWL Sourcing Group, Inc.	J.C Aquino Ave., Lapu-lapu, Butuan City
L & B Concrete Products	Calaanan, Canitoan
McKupler, Inc.	Unit 2508 High Street South Corporation Plaza Tower 2 11th Ave Cor 26th St, Fort Bonifacio, 1630 Taguig City NCR, Philippines
MDS Aggregates and Trucking Services	Zone 9, Anhawon, Bulua, Cagayan de Oro City
Neoboulder Resources & Development	1263 Garame St. Brgy. 5, Cabadbaran City 8605
NJJ General Merchandise	DR 2 Dayandayan Apt., Crossing, Camaman-an, CDO City
Oro Mighty Enterprises	196 Corrales Ave., CDO City
UP Marketing	#11 Lapasan Hi-way, CDO City
Wilcon Depot, Inc.	Zone 5, Cugman, Cagayan de Oro City, Misamis Oriental 9000

EXHIBIT- IIb

LIST OF ACCREDITED SUPPLIERS (TOP 20) – ABERDI
FOR THE YEAR 2021

Suppliers	Address
Beta Technologies, Inc.	301F Ramos St.Cebu City
Goodwish Enterprises	Osmena St. Cag.de Oro City
F.D.J Rosmar Corp.	Baloy, Cag.De Oro City
McKupler Inc.	Bulua, Cag.De Oro City
JNK Trading & Gen. Mdse.	Lower Jasaan , Misamis Oriental
Chemi Source Unlimited Corp.	Sasa, Davao City
Jet Tech Energy & Const. Group	Alaminos, Laguna
Mainframe Industrial Sales	Dagohoy Road, Butuan City
Oro Mighty Enterprises	Lapasan Hiway,Cag.de Oro City
Degalen Corp.	Gusa Hi-way,Cag.de Oro City
Mr. Electric Industrial Supply	Macasandig,Cag.de Oro City
Cagayan de Oro Gas Corp.	Igpit, Cag.De Oro City
BME Partners, Inc.	Gusa Hi-way,Cag.de Oro City
Cagayan Nippon Hardware	Pres.Roxas-J.Rborja St.Cag.de Oro City
Fargo Motor Parts, Inc.	Osmena St. Cag.De Oro City
Columbia Computer Center	TIRSO-Neri St.Cag.De Oro City
Solid Wheels Auto Tire Trading	Osmena St. Cag.De Oro City
Metro Ace Innovplas Corporation	Malagamot Plant, Davao City
Crown Paper & Stationeries	Veles St.Cag.De Oro City
Anvit Hridhaan Trading Inc.	Corrales Extn.Cag.de Oro City

EXHIBIT- IIIa

List of Properties as of December 31, 2021

Province	*Location*	*Area (Sq. M.)*	*TCT /CCT No.*	*Condition*	*Registered Owner*
Batangas	Simlong	21,066	untitled	for landbanking	Agri-Industrial Work Station,
Quezon City	Brgy. Toro & Culiat	2,949	N-259913	Residential property with informal settlers and ongoing land litigation	ABCI
Quezon City	Brgy. Toro & Culiat	2,601	368563 (T-124809)		Bendaña Brown Pizarro Asso.
	sub total	5,550			
Rizal	Angono,Rizal	263	683785	An idle residential lot subject for sale	A B C I
Rizal	Binangonan, Rizal	100,962	M-57817	Raw land which is suitable for residential development and near the vicinity of East Ridge Golf and Country Club - Cala Lily & Orchid Road	A B C I
Rizal	Binangonan, Rizal	17,619	M-57815		A B C I
Rizal	Binangonan, Rizal	12,152	M-57818		A B C I
Rizal	Binangonan, Rizal	1,396	M-57816		A B C I
Rizal	Binangonan, Rizal	8,238	M-61843		A B C I
Rizal	Binangonan, Rizal	8,586	M-116204		A B C I
	sub total	*149,247*			
Rizal	Halang na Gubat, Plaza-Aldea,	10,441	M-119613	for landbanking	A B C I
Rizal	Sampaloc, Tanay, Rizal	201,491	069-2010000935	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	455	069-2010000938	for landbanking	ABCI
Rizal	Cuyambay Tanay	58,020	069-2010000910	for landbanking	ABCI
Rizal	Cuyambay Tanay	135,094	M-29489 - 10,000 s	for landbanking	ABCI
			125,094 sq.m.	for landbanking	
Rizal	Cuyambay Tanay	71,675	M-29486	for landbanking	ABCI
Rizal	Inasaran Cuyambay, Tanay	71,203	M-120978	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	38,474	069-2011000172	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	104,032	069-2011000173	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	2,414	069-2011000170	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	62,112	069-2011000174	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	3,847	069-2011000168	for landbanking	ABCI
Rizal	Sampaloc, Tanay, Rizal	2,363	069-2011000169	for landbanking	ABCI
Rizal	Bayukan Sampaloc Tanay	249	069-2011000166	for landbanking	ABCI
Rizal	Cuyambay Tanay	55,551	M-145741	for landbanking	ABCI
Rizal	Cuyambay Tanay	44,563	M-145742	for landbanking	ABCI
Rizal	Cuyambay Tanay	25,871	untitled lot	for landbanking	ABCI
Rizal	Tanay, Rizal	36,095	untitled lot	for landbanking	ABCI
Rizal	Cuyambay Tanay	12,409	untitled lot	for landbanking	ABCI

EXHIBIT- IIIa

Province	Location	Area (Sq. M.)	TCT /CCT No.	Condition	Registered Owner
Rizal	Tanay, Rizal	268,814	069-2017005788	for landbanking	ABCI
Rizal	Tanay, Rizal	8,163	069-2017005789	for landbanking	ABCI
Rizal	Inasaran Tandang Kutyo, Tanay	69,085	M-29491	for landbanking	ABCI
Rizal	Inasaran Cuyambay, Tanay	12,962	M-84261	for landbanking	ABCI
Rizal	Bayukan Sampaloc Tanay	16,601	untitled lot	for landbanking	J. Baltazar
Rizal	Malapapaya Sampaloc Tanay (Goat Farm)	36,275	M-4728 (OCT)	for landbanking	R. Sapico
		9,000	OCT M-221	for landbanking	R. Sapico
Rizal	Bayukan Sampaloc Tanay	21,856	M-116205	commercial area	ABCI
Rizal	Napatir Sampaloc Tanay	28,327	069 2010000582	commercial area	ABCI
Rizal	Napatir Sampaloc Tanay	9,376	portion of M-93158	for landbanking	A. Dizon, et.al.
Rizal	Napatir Sampaloc Tanay	10,715	M-58187	for landbanking	Aldana Dev't Corp
Rizal	Sampaloc, Tanay	150,010	M-97624	for landbanking	ABCI
	sub total	1,442,507			
					-
Rizal	Sampaloc Road Sampaloc Tanay	115,483	069-2021001076	for subdivision project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	12,952	069-2021001073	for commercial project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	11,700	069-2021001075	for Tanay E-beam and cold storage project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	1,080	069-2021001074	for subdivision project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	203	069-2012005944	for subdivision project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	244	069-2012005946	for subdivision project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	41,300	069-2021003854	for subdivision project	ABCI
Rizal	Sampaloc Road Sampaloc Tanay	41,300	M-9933	for subdivision project	E. Epistola
	sub total	224,262			
Rizal	Banlic Sampaloc Tanay	42,563	M-11496 (OCT)	for landbanking	TPCatolos
Rizal	Banlic Sampaloc Tanay	42,565	M-11497 (OCT)	for landbanking	APCatolos
Rizal	Banlic Sampaloc Tanay	42,565	M-11498 (OCT)	for landbanking	APCatolos
Rizal	Banlic Sampaloc Tanay	42,564	M-11501 (OCT)	for landbanking	TPCatolos
Rizal	Banlic Sampaloc Tanay	42,563	M-11734 (OCT)	for landbanking	APCatolos
		212,820			
Rizal	Banlic Sampaloc Tanay	40,785	M-7398	for landbanking	IAVillones
Rizal	Banlic Sampaloc Tanay	40,785	M-7400	for landbanking	VAVillones
Rizal	Banlic Sampaloc Tanay	40,785	M-7401	for landbanking	married to H.A.Villones
		122,355			
	sub total	***335,175***			

EXHIBIT- IIIb

Location	Area in Sq. Meters	Condition	Owner
Mindanao:			
Initao, Misamis Oriental	54,261	developed residential subdivision - Coral Resort Estate	A Brown Company, Inc.
	51,867	undeveloped land for residential use	A Brown Company, Inc.
	11,856	undeveloped land for residential use	A Brown Company, Inc.
	52,764	undeveloped land for residential	A Brown Company, Inc.
	10,422	undeveloped land for residential use	A Brown Company, Inc.
Cugman, Cagayan de Oro City	1,160	developed with infastructure containing warehouse facilities.	Epic Holdings Corp./ ABCI
Upper Balulang, Cagayan de Oro City	463,599	developed residential subdivision Xavier Estates - Phase 4	A Brown Company, Inc.
Lower Balulang, Cagayan de Oro City	48,396	developed residential subdivision; economic housing; Xavierville Homes	A Brown Company, Inc.
Panginuman, Balulang, Cagayan de Oro City	56,859	developed residential subdivision Xavier Estates - Phase 5A (Ventura	A Brown Company, Inc.
	20,924	developed residential subdivision Xavier Estates - Phase 5B (Ventura	A Brown Company, Inc.
	73,735	developed residential subdivision Xavier Estates - Phase 6 (Ignatius	A Brown Company, Inc.
	25,360	developed residential subdivision ; socialized housing - Mt. View Homes	A Brown Company, Inc.
	49,703	on-going development residential socialized housing - Mt. View Homes	A Brown Company, Inc.
	48,165	developed residential subdivision ; Adelaida Residences	A Brown Company, Inc.
	28,764	developed residential subdivision ; The Terraces	A Brown Company, Inc.
	131,308	undeveloped land for residential use	A Brown Company, Inc.
	106,937	undeveloped land for residential use	A Brown Company, Inc.
Brgy. Balulang, Cagayan de Oro City	16,720	developed residential subdivision; socialized housing; St. Therese Subd.	MGCC (merged w/ ABCI)
	23,618	undeveloped land for residential use	MGCC (merged w/ ABCI)
	5,198	undeveloped land for residential use	MGCC (merged w/ ABCI)
	10,900	undeveloped land for residential use,	MGCC (merged w/ ABCI)
	11,968	undeveloped land	A Brown Company, Inc.
	38,832	undeveloped land	A Brown Company, Inc.
Lumbo, Valencia	117,244	developed residential subdivision -	EPIC (merged w/ABCI)
	211,277	undeveloped land for residential	EPIC (merged w/ABCI)

EXHIBIT- IIIb

Location	Area in Sq. Meters	Condition	Owner
Mindanao:			
Brgy. Agusan, Cagayan de Oro City	278,136	developed residential subdivision - Teakwood Hills	A Brown Company, Inc.
	35,834	developed residential subdivision - Mangoville	A Brown Company, Inc.
	11,366	undeveloped land for residential use - Teakwood Hills 4	A Brown Company, Inc.
	30,914	undeveloped land for residential use - Teakwood Hills 2	A Brown Company, Inc.
	21,761	undeveloped land for residential use - Teakwood Hills 3	A Brown Company, Inc.
	28,610	undeveloped land for residential use - Teakwood Hills 5	A Brown Company, Inc.
	13,355	undeveloped land for residential use - Teakwood Hills 6	A Brown Company, Inc.
	11,657	undeveloped land for residential use - Teakwood Hills 6	A Brown Company, Inc.
	19,054	undeveloped land for residential use - Teakwood Hills	A Brown Company, Inc.
Bonbon, Butuan City	126,169	developed residential subdivision - West Highlands	A Brown Company, Inc.
	91,007	developed residential subdivision - West Highlands Phase 2A	A Brown Company, Inc.
	48,000	undeveloped land	A Brown Company, Inc.
	169,439	undeveloped land	A Brown Company, Inc.
	2,334	undeveloped land	A Brown Company, Inc.
	1,551	undeveloped land	A Brown Company, Inc.
	54,908	undeveloped land	A Brown Company, Inc.
	5,671	undeveloped land	A Brown Company, Inc.
	5,671	undeveloped land	A Brown Company, Inc.
	59,440	undeveloped land for residential use-WH Phase 2B	A Brown Company, Inc.
	36,698	undeveloped land for residential use	A Brown Company, Inc.
	53,694	undeveloped land for residential use-WH Phase 2B	A Brown Company, Inc.
	300	undeveloped land for residential use	A Brown Company, Inc.
	35,606	undeveloped land for residential use	A Brown Company, Inc.
	46,874	undeveloped land for residential use	A Brown Company, Inc.
	22,898	undeveloped land for residential use	A Brown Company, Inc.
	7,490	undeveloped land for residential use	A Brown Company, Inc.
Talakag, Bukidnon	221,230	raw land, utilized for quarrying; source of aggregates	Northmin Mining & Dev't. Corp.(merged with ABCI)
Casisang, Malaybalay City	36,898	undeveloped land	A Brown Company, Inc.
Mambuaya, Cagayan de Oro City	28,464	undeveloped land	A Brown Company, Inc.
Bayanga, Cagayan de Oro City	10,795	undeveloped land	A Brown Company, Inc.
Dansolihon, Cagayan de Oro City	1,077,000	undeveloped land	A Brown Company, Inc.
Tignapoloan, Cagayan de Oro City	782,000	undeveloped land	A Brown Company, Inc.
Tignapoloan, Cagayan de Oro City	9,771,100	undeveloped land	A Brown Company, Inc.
Balubal, Cagayan de Oro City	89,463	undeveloped land for residential development - Teakwood Crest	A Brown Company, Inc.
Kalugmanan, Manolo Fortich	111,055	undeveloped land	A Brown Company, Inc.

EXHIBIT- IIIc

Properties owned by the Subsidiaries

Location	Area in Sq. Meters	Condition	Owner
Pagahan, Initao Mis.Or.	7,840 T-27642	agricultural land for development in the f beach-front property	Bonsai Agri. Corp.
Impasug-ong, Bukidnon	16 hec. T-90115	agricultural land; 10 has. converted to agro-industrial & currently the site of 10 T/hr palm oil mill and the 50T/day refinery	ABERDI = 5 has Nakeen Corp. = 5 has. Bonsai Agri. Corp. = 4 has. RFI (merged w/ BRC) = 2 has.
Libertad, Butuan City	20,000	undeveloped land for residential use	Andesite Corp. (Now Simple Homes Development Inc.)

Item 3. LEGAL PROCEEDINGS

The Company has contingent liabilities for lawsuits and various other matters occurring in the ordinary course of business. On the basis of information furnished by the legal counsel, management believes that none of these contingencies will materially affect the Company's financial position and results of operation.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for the matters taken up during the Annual Stockholders' Meeting, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II SECURITIES OF THE REGISTRANT

Item 5. MARKET FOR REGISTRANT'S COMMON SHARES AND RELATED STOCKHOLDER MATTERS

Market Information – Common Shares

The common shares of ABCI have been listed at the Philippine Stock Exchange (PSE) since February 1994. The table below shows the high and low sales prices of the Company's shares on the PSE for each quarter within the last two (2) fiscal years, to wit:

Quarter	2021		2020	
	High	Low	High	Low
1st	1.18	0.82	0.90	0.455
2nd	1.05	0.84	0.81	0.50
3rd	0.96	0.78	0.88	0.68
4th	0.94	0.76	1.13	0.73

The Company's common stock price was trading as high as ₱1.18 and as low as ₱0.76 for the four quarters of the year. It also closed lower at ₱0.79 on December 31, 2021 as compared to the closing price of ₱0.90 on December 29, 2020.

The table below shows the high and low sales prices of the Company's common shares on the PSE for the first (1st) quarter of 2022 and for the month of April 2022 to wit:

Quarter		2022	
		High	Low
1st	January	0.81	0.73
	February	0.97	0.72
	March	0.95	0.80
2nd	April	0.92	0.83

On April 29, 2022, ABCI's common stocks were traded at a high of ₱0.89 and a low of ₱0.88 at the Philippine Stock Exchange with closing price of ₱0.88. The common stocks are not traded in any foreign market.

Market Information – "Series A" Preferred Shares

The "Series A" preferred shares of ABCI have been listed at the Philippine Stock Exchange (PSE) on November 29, 2021. The table below shows the high and low sales prices of the Company's "Series A" preferred shares on the PSE for each quarter, to wit:

Quarter	2021		2020	
	High	Low	High	Low
1st	-	-	-	-
2nd	-	-	-	-
3rd	-	-	-	-
4th	105.00	99.55	-	-

The Company's "Series A" preferred stock price was trading as high as ₱105.00 and as low as ₱99.55 for the last quarter of the year. It also closed at ₱105 on December 31, 2021.

The table below shows the high and low sales prices of the Company's "Series A" preferred shares on the PSE for the first (1st) quarter of 2022 and April 2022 to wit:

Quarter		**2022**	
		High	Low
1st	January	104.00	102.30
	February	106.00	103.00
	March	105.90	104.00
2nd	April	105.00	102.00

On April 28, 2022, ABCI's "Series A" preferred stocks were traded at a high of ₱105.00 and a low of ₱104.50 at the Philippine Stock Exchange with closing price of ₱105.00. The stocks are not traded in any foreign market.

Holders of Common and Preferred Equity

The number of holders of common stock and "Series A" preferred stock as of December 31, 2021 are 2,089 and (three) 3, respectively.

Shown below are top twenty (20) common shareholders and three (3) registered "Series A" preferred shareholders, the number of common and "Series A" preferred shares and the percentage of the total common and "Series A" preferred shares outstanding held by each as of April 30, 2022. As of April 30, 2022, the number of holders of common and preferred stock are 2,088 and three (3).

A BROWN COMPANY, INC.
LIST OF TOP 20 COMMON STOCKHOLDERS
AS OF APRIL 30, 2022

Rank	**Name of Shareholder**	**Total Shares**	**Percentage (%)**
1.	PCD Nominee Corporation – Filipino ** (Excluding Treasury Shares)	1,958,356,842	82.5486
2.	Brown, Walter W.	176,880,000	7.4558
3.	Jin Natura Resources Corporation	102,000,000	4.2995
4.	PBJ Corporation	74,306,496	3.1322
5.	PCD Nominee Corporation – Non-Filipino	19,134,278	0.8065
6.	Tan, A. Bayani K.	2,033,120	0.0857
7.	Brown, Walter W. or Annabelle P. Brown	1,123,089	0.0654
8.	Tan, Ma. Gracia P.	1,123,089	0.0473
9.	Pizarro, Robertino E.	1,060,613	0.0447
10.	Davila, Regina	938,462	0.0396
11.	Fernandez, Luisito Gandionco, Andrea L.	853,147 853,147	0.0360 0.0360
12.	Lorenzo, Alicia P.	750,769	0.0316
13.	Lagdameo, Jr., Ernesto R.	602,690	0.0254
14.	Kalinangan Youth Foundation, Inc.	561,123	0.0237
15.	King, Josefina B.	557,334	0.0235
16.	Gamilla, Juliana	544,615	0.0230
17.	EBC Securities Corporation	518,221	0.0218
18.	Tan, Joaquin T.Q.	511,885	0.0216
19.	Trifels, Inc.	481,905	0.0203
20.	Ignacio, Edgardo	472,512	0.0199
	TOTAL SHARES	**2,344,090,814**	**98.8081%**
	*** The following are the clients - beneficial owners (Filipino) of the PCD participants owning 5% or more of the outstanding capital stock:*		

	Walter W. Brown (direct and indirect)	323,294,169	13.6275%
	Annabelle P. Brown (direct and indirect)	131,135,874	5.5276%
	Brownfield Holdings, Inc.	842,754,901	35.5238%

A BROWN COMPANY, INC.
LIST OF "SERIES A" PREFERRED STOCKHOLDERS
AS OF APRIL 30, 2022

Rank	Name of Shareholder	Total Shares	Percentage (%)
1.	PCD Nominee Corporation – Filipino	13,189,060	99.4283
2.	PCD Nominee Corporation – Non-Filipino	70,840	0.5340
3.	G.D. Tan & Co., Inc.	5,000	0.0377
	TOTAL SHARES	**13,264,900**	**98.8081%**

Public Float

As of December 31, 2021 and 2020, the Company is compliant with the minimum public float requirement of the Philippine Stock Exchange (PSE) at 34.69% and 36.10%, respectively. The Company's public float of 34.69% is equivalent to 832,166,595 shares out of the 2,398,912,911 outstanding shares.

As of April 30, 2022, the Company's public float is 33.96% which is equivalent to 805,621,595 shares out of tstanding shares.

Shares Buy-Back Program – Common Shares

On August 17, 2020, the Board of Directors approved the implementation of a share buyback program of up to Fifty Million Pesos (₱50,000,000.00) worth of the Company's common shares to be sourced from its internally generated funds, with the following terms and conditions:

a. The objective of the share buyback program is to enhance shareholder value. Through the buying back of common shares, capital is distributed back to the shareholders while taking advantage of the undervalued market price.

b. Subject to appropriate disclosures to the Philippine Stock Exchange and the Securities and Exchange Commission, the share buyback program shall commence upon approval by the Board of Directors of the Company and will be effective for a period of One (1) year from commencement or upon utilization of the approved amount, or as may otherwise be approved by the Board of Directors.

c. The share buyback program will be implemented in the open market through trading facilities of the Philippine Stock Exchange.

d. Mr. Robertino E. Pizarro, President and CEO, and Mr. Paul B. Juat, Vice President have been authorized by the Board to implement the share buyback program.

e. The share buyback program will not affect the Company's ability to invest in existing business and projects in development.

As of December 31, 2020, the Company bought back its 25,663,000 own common shares for a total amount of Php 21,172,800.00 thereby increasing its total treasury shares to 25,664,014 which included the 1,014 aggregate fractional shares.

On May 25, 2021, the Board of Directors approved the extension of the share buy-back program for an additional amount of One Hundred Million Pesos (₱100,000,000.00) from the initial Fifty Million Pesos (₱50,000,000.00) worth of the Company's common shares which was approved on August 17, 2020 with the same terms and conditions.

The program will be effective for a period of one (1) year from the date of approval of the Board of Directors. The fund sources will be the dividends from the investment in power companies and internally generated income.

As of December 31, 2021, the Company bought back its 78,755,000 own common shares for a total amount of Php 70,427,490.00 thereby increasing its total treasury shares to 78,756,014 which included the 1,014 aggregate fractional shares.

Dividend – Common Shares

A Php 0.05/share cash dividend was declared by the Company for the year 2006 and was given to stockholders of record as at the close of business on January 15, 2007 and paid on February 8, 2007. The previous declaration was on June 1998 where a 10% stock dividend was given to stockholders of record as at the close of business on July 17, 1998.

On July 9, 2010, the BOD of the Parent Company resolved to declare a cash dividend equal to Php .20/share to shareholders of record as of August 6, 2010 payable on August 30, 2010.

On August 18, 2010, the Parent Company's Board of Directors approved the declaration of a total 63,120,433 of the Parent's treasury shares as property dividends. After the regulatory examination of the Securities and Exchange Commission (SEC), the Parent Company was directed on October 4, 2010 to set the record date. The Parent Company's Board of Directors set November 3, 2010 as the record date for the determination of Company's shareholders entitled to receive the property dividend. Shareholders as of the record date owning sixteen (16) shares shall be entitled to one (1) BRN treasury share. No fractional shares shall be issued. The Company was expected to complete the distribution of the property dividends by November 29, 2010.

The Board of Directors approved the 25% stock dividend equivalent to 346,573,307 shares on June 7, 2013. The record date was set on September 12, 2013 after the approval by the Securities and Exchange Commission of the Corporation's increase of its authorized capital stock from which the stock dividends were to be issued. The Corporation was to issue the said stock dividend shares on or before October 8, 2013.

On November 27, 2013, the company notified the investing public of the publication in a newspaper of general circulation of the Notice that the cash dividends which remain unpaid will be reverted to the corporation after thirty (30) days from publication. The said Notice was published in Manila Bulletin on November 28, 2013.

On 7 June 2013, the shareholders of A Brown Company, Inc. (the "Corporation") approved the issuance of stock dividends to the Corporation's shareholders. The stock dividend shares were to be issued out of an increase in the Corporation's authorized capital stock, which increase was approved by the Securities and Exchange Commission on 16 August 2013. The Corporation further indicated that it was not to issue fractional shares which were expected to arise from the stock dividend declaration; instead, the Corporation undertook to acquire said fractional shares from the shareholders concerned and pay the latter the monetary value thereof.

As of 28 November 2016, pursuant to the authority granted under Section 41 of the Corporation Code, the Corporation has acquired all of the unissued fractional shares arising from the 2013 stock dividend declaration, constituting an aggregate of One Thousand Fourteen (1,014) shares. These 1,014 shares shall henceforth be treated as Treasury Shares in the books of the Corporation.

On May 19, 2016 the Board of Directors approved the declaration of a twenty percent (20%) stock dividend, consisting of approximately 346,573,104 shares, to the Corporation's shareholders. The same was approved by SEC on January 27, 2017.

On March 8, 2017 the Parent Company distributed 20% stock dividend totalling to 346,572,301 shares, net of fractional shares, of the Parent Company's outstanding shares to the stockholders of record as at February 10, 2017.

There was no dividend declaration for the past five (5) years, from 2017 to 2021.

Dividend – "Series A" Preferred Shares

As and if cash dividends are declared by the Board of Directors on the Company's "Series A" preferred dividends, the cash dividends shall be at the fixed rate of 7.00% per annum which will be payable quarterly on March 1, May 29, August 29 and November 29 of each year subject to the certain limitations as provided for in the Prospectus and Offer Supplement dated November 11, 2021. The cash dividends on "Series A" preferred shares is computed as 7% x Php 100.00 x 90/360 amounting to Php 1.75 per share.

The following are the dividend declarations of the Company on "Series A" preferred shares in 2022:

Declaration Date	Record Date	Payment Date
February 2, 2022	February 16, 2022	March 1, 2022
April 29, 2022	May 17, 2022	May 30, 2022
April 29, 2022	August 3, 2022	August 30, 2022
April 29, 2022	November 3, 2022	November 29, 2022

Considering that 29 May 2022 (Sunday) and 29 August 2022 (National Heroes Day) are not Banking Days, dividends will be paid on the next succeeding Banking Day which is 30 May 2022 and 30 August 2022, respectively, without adjustment on the amount of dividends to be paid.

The cash dividend will be paid out of the Corporation's unrestricted retained earnings as of 31 December 2021.

Dividend policy:

Dividends are declared by the Company on its shares of stocks and are payable in cash or in additional shares of stock. The declaration and payment of dividends in the future will depend upon the earnings, cash flow and financial condition of the Company and other factors affecting the availability of unrestricted retained earnings, as prescribed under the Revised Corporation Code. Dividend declaration must also take into account the Company's capital expenditure and project requirements and settlement of its credit. Cash and property dividends are subject to approval by the Company's Board of Directors while stock dividends require the approval of both the Company's Board of Directors and Stockholders. In addition, the payment of stock dividends is likewise subject to the approval of the SEC and PSE, if shares are to be listed with the Exchange. Other than the restrictions imposed by the Revised Corporation Code of the Philippines, there is no other restriction that limits the Company's ability to pay dividends on common equity.

Recent Sales of Unregistered Securities or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

On May 19, 2016, the Board of Directors initially approved the amendment of the Corporation's Articles of Incorporation to increase its authorized capital stock (ACS) which was amended later on August 8, 2016 to increase its authorized capital stock (ACS) from the current Two Billion Pesos (P2,000,000,000.00) divided into Two Billion (2,000,000,000) Common Shares to up to Five Billion Pesos (P5,000,000,000.00) divided into Five Billion (5,000,000,000) Common Shares.

The first tranche of the increase in the Corporation's authorized capital stock, is implemented with an increase by One Billion Three Hundred Million Pesos (P1,300,000,000.00), divided into One Billion Three Hundred Million (1,300,000,000) Common Shares and out of said increase, the Twenty Percent (20%) stock dividend declared on May 19, 2016 are issued. This was approved by stockholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on September 28, 2016 and by the Securities and Exchange Commission (SEC) on January 11, 2017. On January 20, 2017, an SEC Order Fixing of Record Date of Stock Dividend as payment for the increase of capital stock was issued which authorized February 10, 2017 as record date of shareholders entitled on the stock dividends. On March 8, 2017, 346,572,301 shares were distributed to stockholders as 20% stock dividend.

On 12 October 2017, the Board approved the conversion of the Company's debt and deposits for future subscription amounting to Php 450,000,000 to equity at Php 1.13/share based on the 15-day volume weighted average price for the period ending on October 11, 2017. This conversion is broken down as follows:

Debt	Liability	Number of Shares
Brownfield Holdings Incorporated	₱250,000,000.00	221,238,938
Deposits for future subscription		
Valueleases, Inc.	₱100,000,000.00	88,495,575
RMEscalona Consulting, Inc.	100,000,000.00	88,495,575
Total	₱450,000,000.00	398,230,088

The transaction is intended to settle outstanding loan obligations as well as convert the deposits and at the same time strengthen the balance sheet of the Company. This allowed the Company to raise funds for expansion of existing businesses and investments in new projects.

Brownfield Holdings Incorporated (BHI) is an existing shareholder and a related party to the Issuer with an equity interest of 20.49% as of the transaction date.

Valueleases Inc. and RMEscalona Consulting, Inc. are new investors and are not related parties to the Issuer or any existing shareholder.

The new issuance of shares to BHI, Valueleases, Inc. and RMEscalona Consulting, Inc. represent 8.93%; 3.57% and 3.57%, respectively to the resulting total issued and outstanding shares. The three subscribers are not related to each other and are not acting in concert. This represents the culmination of several months of fund-raising exercises that A Brown Company, Inc. has undertaken to enable it to strengthen its financial base as well as fund some of its on-going investments to ensure growth for the company.

The SEC-CRMD has issued SEC Order No. 001 - 2019 dated 11 June 2019 with regard to the debt-to-equity conversion as an exempt transaction under Section 10.1 (k) of the Securities Regulation Code.

There was no sale of unregistered securities by the registrant during the past three years except as discussed above.

Preferred Shares Offering – Registration, Issuance and Listing

On May 25, 2021, the BOD approved the offering and issuance of cumulative, non-voting, non-participating, non-convertible, peso-denominated perpetual preferred shares out of the authorized but unissued capital of the Corporation, with an aggregate issue amount of up to One Billion Five Hundred Million Philippine Pesos (₱1,500,000,000.00) to be registered with the Securities and Exchange Commission and listed on the Philippine Stock Exchange, Inc.

The preferred shares offering and issuance were subject to the SEC's approval on the Parent Company's amendment to the AOI approved by the BOD and shareholders on April 12, 2021 and June 24, 2021, respectively, to create preferred shares by reclassifying its authorized capital stock. On July 19, 2021, the Company filed with SEC the Registration Statement for the shelf registration of the preferred shares.

On 15 October 2021, the SEC issued the Certificate of Filing of Enabling Resolution dated 14 October 2021 in connection with the offer and issue of 50,000,000 cumulative, non-voting, non-participating, and non-convertible perpetual preferred shares, at an offer price of up to Php100.00 per share which was approved by the Board of Directors of the Company on July 15, 2021 and was filed with the SEC pursuant to Section 6 of the Revised Corporation Code of the Philippines (R.A. No. 11232).

The Parent Company received a "Pre-effective letter" dated 22 October 2021 on the same day issued by the SEC which confirmed that it favorably considered the Company's Registration Statement in relation to the Company's proposed shelf registration subject to compliance by the Company with the conditions prescribed in the Pre-effective letter.

On 10 November 2021, the Parent Company secured approval from the Philippine Stock Exchange (PSE) for the shelf-listing of up to 50 million preferred shares and the follow-on public offer of up to 15 million preferred shares. For the first tranche, A Brown will offer 10 million preferred shares at an offer price of P100 per share or

P1B worth with an oversubscription option of up to 5 million preferred shares worth P500 million. On 11 November 2021, A Brown approved the preferred shares offering with an initial dividend rate of 7.0% p.a. to be paid quarterly.

On 12 November 2021, the Company received from the Securities and Exchange Commission (SEC):

(i) SEC MSRD Order No. 76 s. 2021 (“Order of Registration”) for the shelf registration of up to 50,000,000 cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual Preferred Shares of which the Initial Offer Shares are a part, dated 12 November 2021; and

(ii) Permit to Offer Securities for Sale (“Permit to Sell”) covering the Initial Offer Shares, dated 12 November 2021.

On November 29, 2021, there were 13,264,900 “Series A” preferred shares that were issued and listed in the Philippine Stock Exchange with “BRNP” as its ticker symbol.

The Corporation designated and appointed PNB Capital and Investment Corporation as the sole issue manager.

The Parent Company may offer from time to time, in one (1) or more tranches in such amounts/issue price and under such terms and conditions as may be determined by Corporation in light of prevailing market and other conditions at the time of sale.

For further information, kindly refer to the Prospectus and Offer Supplement dated November 11, 2021 (including the Order of Registration and Permit to Sell issued by the SEC) with regard to “Series A” preferred shares offering which are accessible through the link: https://abrown.ph/investor-relations/prospectus/

Uses of Proceeds from “Series A” Preferred Shares Offering

For the year ending December 31, 2021, the proceeds of the Preferred Stocks Offering – Series A of 13.2649 million shares of A Brown Company, Inc. (BRNP) were applied as follows:

In Php Millions

Purpose	Per Offer Supplement	Actual Proceeds	Actual Disbursements - Annual - 2021	Balance for Disbursement - December 31, 2021
Development of Real Estate Projects	600.00	600.00	-	600.00
Landbanking	400.00	400.00	74.02	325.98
Finance Future Funding Requirements for ISI	350.00	200.00	87.36	112.64
General Corporate Purposes	150.00	126.49	22.83	103.61
	1,500.00	**1,326.49**	**184.21**	**1,142.28**
Interest Earned		.23	-	.23
		1,326.72	**184.21**	**1,142.51**

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 0 0 0 0 0 3 1 1 6 8

COMPANY NAME

A BROWN COMPANY, INC. AND SUBSIDIARIES

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

XAVIER ESTATES UPTOWN, AIRPORT ROAD, BALULANG, CAGAYAN DE ORO CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
abci_headoffice@abrown.ph	N/A	(+63)9176391703

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,089	Any day of June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Marie Antonette U. Quinito	maquinito@abrown.ph	(088) 324-0150	(+63)9173101870

CONTACT PERSON's ADDRESS

Vista Verde Subdivision, Pueblo de Oro, Masterson Avenue, Cagayan de Oro City

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

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

A BROWN COMPANY, INC.

May 10, 2022

The Securities and Exchange Commission
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

WALTER W. BROWN
Chairman

ROBERTINO E. PIZARRO
President and Chief Executive Officer

MARIE ANTONETTE U. QUINITO
Chief Finance Officer

MAY 1 1 2022

SUBSCRIBED AND SWORN to before me this ____ day of ______, affiants exhibiting to me their respective passports, as follows:

Names	Competent Evidence of Identity	Date of Issue	Place of Issue
Walter W. Brown	Senior Citizen ID No. 00020-Q	January 19, 2017	OSCA – Quezon City
Robertino E. Pizarro	P8882731B	February 8, 2022	DFA – Cagayan de Oro
Marie Antonette U. Quinito	P6933691B	June 5, 2021	DFA – Cagayan de Oro

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Series of 2022

YSABEL KATHRYN M. SANTOS
Notary Public for
Pasig City, San Juan, Taguig & Pateros
Appointment No. 231 (2019-2020)
(Commission Extended until 30 June 2022 per
SC Resolution dated 28 September 2021)
2704 East Tower, Tektite Towers
(Formerly Philippine Stock Exchange Centre)
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 8131853 / 01.06.22 / Pasig
IBP LRN No. 016949 / 06.28.2019 / RSM
Roll of Attorneys No. 70409

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

Opinion

We have audited the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2021 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the output method as the measure of progress in determining real estate revenue; and (3) determination of the actual costs incurred as cost of sales.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (or buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

In determining the actual costs incurred to be recognized as cost of real estate sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The disclosures related to real estate revenue are included in Notes 2, 3 and 27 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. On a sampling basis, we traced the historical analysis to supporting documents such as the buyer's collection report and official receipts.

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the percentage of completion (POC). We obtained the certified POC reports prepared by the project engineers and assessed their competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected ongoing projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, and obtained the supporting details of POC reports showing the completion of the major activities of project construction.

For the cost of real estate sales, we obtained an understanding of the Group’s cost accumulation process. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices, official receipts, and accomplishment reports from contractors,

Impairment of Property, Plant and Equipment of Palm Oil Plantation

The Group’s palm oil business has incurred losses since 2016. This was caused by the palm oil plantation’s bearer plants not reaching their optimal fruiting stages. This indicates that the carrying amount of the Group’s palm oil business assets, which are comprised primarily of property, plant and equipment amounting to ₱309.3 million as of December 31, 2021, may not be recoverable. The property, plant and equipment related to the palm oil business represents 4% of the consolidated assets of the Group as of December 31, 2021. The Group performed an impairment testing on its property, plant and equipment of the palm oil business which resulted in the recognition of an impairment loss of ₱15.1 million in 2021. The impairment testing is significant to our audit because the assessment of the recoverable amount of the palm oil business’ property, plant and equipment requires significant judgment and involves estimation and assumptions about future fresh fruit bunches (FFB) production, FFB prices, direct costs, and discount rate.

The disclosures in relation to property, plant and equipment of palm oil business are included in Notes 3 and 12 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used. We compared the key assumptions used such as: (a) future FFB production against the forecasted FFB production in accordance with the industry standard yield, and (b) FFB prices and direct costs with externally published data.

We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group’s disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of property, plant and equipment of palm oil business.

Accounting for Investments in Significant Associates

The Group owns 20% of Palm Concepcion Power Corporation (PCPC) and Peakpower Energy, Inc. (PEI) which are accounted for under the equity method. As of December 31, 2021, the investments in these associates amounted to ₱1,498.5 million (representing 17% of the Group’s consolidated total assets), and the Group’s equity in net earnings from these associates in 2021 amounted to ₱273.6 million (representing 69% of the Group’s consolidated net income). The accounting for these investments is significant to our audit because of the substantial amount of the Group’s investments and equity in net earnings from these associates.

The disclosures in relation to investments in associates are included in Note 10 to the consolidated financial statements.

Audit response

We obtained an understanding of the Group's process in recognizing its equity in net earnings of the associates. We also obtained an understanding of the business transactions, the revenue recognition process, reviewed material items and other accounts that may have a material effect on the Group's share in the 2021 earnings of the associates, and reviewed alignment of accounting policies. We obtained the financial information of PCPC and PEI and recomputed the Group's equity in net earnings for the year ended December 31, 2021.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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 of these consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Alvin M. Pinpin.

SYCIP GORRES VELAYO & CO.

Alvin M. Pinpin
Partner
CPA Certificate No. 94303
Tax Identification No. 198-819-157
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 94303-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-070-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854347, January 3, 2022, Makati City

May 10, 2022

A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash (Note 4)	**₱1,277,986,644**	₱231,321,649
Receivables (Note 5)	**439,386,177**	1,009,113,885
Contract assets (Notes 14 and 27)	**185,102,035**	76,301,227
Receivables from related parties (Note 15)	**126,310,274**	117,690,925
Real estate inventories (Note 6)	**2,090,015,454**	1,573,049,067
Other inventories (Note 7)	**176,156,568**	148,093,928
Other current assets (Note 8)	**347,606,217**	511,185,498
Total Current Assets	**4,642,563,369**	3,666,756,179
Noncurrent Assets		
Receivables - net of current portion (Note 5)	**46,999,426**	26,338,455
Contract assets - net of current portion (Notes 14 and 27)	**484,925,421**	20,563,963
Equity instruments at fair value through other comprehensive income (EIFVOCI) (Note 9)	**239,411,453**	175,587,105
Investments in associates (Note 10)	**1,551,999,914**	1,430,559,395
Investment properties (Note 11)	**449,402,314**	97,133,941
Property, plant and equipment (Note 12)	**921,133,741**	912,510,888
Deferred tax assets (Note 20)	**11,529,697**	16,486,463
Other noncurrent assets (Note 8)	**277,779,179**	156,516,069
Total Noncurrent Assets	**3,983,181,145**	2,835,696,279
TOTAL ASSETS	**₱8,625,744,514**	₱6,502,452,458
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 13)	**₱740,116,319**	₱628,610,957
Short-term debt (Notes 15 and 16)	**443,461,020**	414,177,400
Current portion of long-term debt (Notes 15 and 16)	**201,643,018**	254,200,759
Contract liabilities (Notes 14 and 27)	**169,402,619**	168,966,097
Total Current Liabilities	**1,554,622,976**	1,465,955,213
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 15 and 16)	**850,811,991**	566,655,809
Retirement benefit obligation (Note 19)	**69,198,434**	61,169,956
Deferred tax liabilities - net (Note 20)	**177,285,689**	154,238,970
Total Noncurrent Liabilities	**1,097,296,114**	782,064,735
Total Liabilities	**₱2,651,919,090**	₱2,248,019,948

(Forward)

	December 31	
	2021	2020
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 17)		
Common stock	**₱2,477,668,925**	₱2,477,668,925
Preferred stock	**13,264,900**	–
Additional paid-in capital (Note 17)	**1,931,178,758**	637,968,859
Retained earnings (Note 17)	**1,834,803,085**	1,437,223,304
Fair value reserve of EIFVOCI (Note 9)	**(194,659,340)**	(258,483,688)
Remeasurement loss on retirement benefit obligation - net of tax (Note 19)	**(27,250,541)**	(25,293,809)
Remeasurement loss on defined benefit plan of an associate (Note 10)	**(347,343)**	(731,525)
Cumulative translation adjustment	**6,498,274**	4,000,560
Treasury shares - common (Note 17)	**(70,618,247)**	(21,236,419)
	5,970,538,471	4,251,116,207
Noncontrolling interest (Note 17)	**3,286,953**	3,316,303
Total Equity	**5,973,825,424**	4,254,432,510
TOTAL LIABILITIES AND EQUITY	**₱8,625,744,514**	₱6,502,452,458

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Real estate sales (Note 27)	**₱628,452,425**	₱761,538,359	₱942,735,766
Sale of agricultural goods (Note 27)	**56,980,212**	79,088,786	63,724,600
Water service (Note 27)	**24,836,284**	23,417,340	21,349,825
	710,268,921	864,044,485	1,027,810,191
COSTS OF SALES AND SERVICE			
Cost of real estate sales (Note 6)	**219,690,454**	353,431,663	355,232,138
Cost of agricultural goods sold (Note 7)	**42,016,968**	60,135,511	49,684,623
Cost of water service revenue	**9,579,082**	5,733,021	11,989,512
	271,286,504	419,300,195	416,906,273
GROSS PROFIT	**438,982,417**	444,744,290	610,903,918
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	**284,537,926**	273,385,676	287,159,196
OTHER INCOME (EXPENSES)			
Equity in net earnings of associates (Note 10)	**273,498,337**	175,888,940	380,303,831
Interest expense (Note 16)	**(26,678,756)**	(25,245,886)	(23,059,066)
Unrealized foreign exchange gain (loss)	**(1,834)**	1,129	10,668
Realized gain (loss) on sale of Equity instruments at fair value through profit or loss (EIFVPL) (Note 9)	**–**	12,478,111	(32,094,814)
Gain on bargain purchase (Note 21)	**–**	2,659,077	–
Unrealized loss on EIFVPL (Note 9)	**–**	–	(43,513,896)
Other income - net (Note 23)	**19,565,759**	8,784,492	20,993,466
	266,383,506	174,565,863	302,640,189
INCOME BEFORE INCOME TAX	**420,827,997**	345,924,477	626,384,911
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 20)			
Current	**(2,408,591)**	48,954,056	36,749,735
Deferred	**25,686,157**	2,866,315	94,841,951
	23,277,566	51,820,371	131,591,686
NET INCOME	**₱397,550,431**	₱294,104,106	₱494,793,225

(Forward)

	Years Ended December 31		
	2021	2020	2019
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will be reclassified to profit or loss in subsequent periods:			
Cumulative translation adjustment	**₱2,497,714**	₱2,993,975	₱4,111,237
Items that will not be reclassified to profit or loss in subsequent periods:			
Net change in fair value of EIFVOCI (Note 9)	**63,824,348**	8,025,652	(1,086,232)
Remeasurement loss on defined benefit plan - net of tax effect (Note 19)	**(1,956,732)**	(5,209,889)	(10,048,492)
Equity in other comprehensive income (loss) of an associate (Note 10)	**384,182**	(731,525)	–
	64,749,512	5,078,213	(7,023,487)
TOTAL COMPREHENSIVE INCOME	**₱462,299,943**	₱299,182,319	₱487,769,738
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱397,579,781**	₱294,130,474	₱494,945,733
Noncontrolling interest (Note 17)	**(29,350)**	(26,368)	(152,508)
	₱397,550,431	₱294,104,106	₱494,793,225
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱462,329,293**	₱299,208,687	₱487,922,246
Noncontrolling interest (Note 17)	**(29,350)**	(26,368)	(152,508)
	₱462,299,943	₱299,182,319	₱487,769,738
Basic/Diluted Earnings per Share (Note 17)	**₱0.16**	₱0.12	₱0.20

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Common Stock	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Fair Value Reserve of EIFVOCI	Remeasurement Loss on Retirement Obligation - net of tax	Remeasurement Loss on Defined Benefit Plan of an Associate	Cumulative Translation Adjustment	Treasury Shares - Common	Total	Noncontrolling interest	Total
At January 1, 2021	**₱2,477,668,925**	**₱–**	**₱637,968,859**	**₱1,437,223,304**	**(₱258,483,688)**	**(₱25,293,809)**	**(₱731,525)**	**₱4,000,560**	**(₱21,236,419)**	**₱4,251,116,207**	**₱3,316,303**	**₱4,254,432,510**
Issuance of capital stock	–	**13,264,900**	**1,313,225,100**	–	–	–	–	–	–	**1,326,490,000**	–	**1,326,490,000**
Stock issue costs, net of tax	–	–	**(20,015,201)**	–	–	–	–	–	–	**(20,015,201)**	–	**(20,015,201)**
Acquisitions of treasury shares (Note 17)	–	–	–	–	–	–	–	–	**(49,381,828)**	**(49,381,828)**	–	**(49,381,828)**
Net income (loss)	–	–	–	**397,579,781**	–	–	–	–	–	**397,579,781**	**(29,350)**	**397,550,431**
Other comprehensive income (loss)	–	–	–	–	**63,824,348**	**(1,956,733)**	**384,182**	**2,497,714**	–	**64,749,511**	–	**64,749,511**
Total comprehensive income	–	–	–	**397,579,781**	**63,824,348**	**(1,956,733)**	**384,182**	**2,497,714**	–	**462,329,292**	**(29,350)**	**462,299,942**
At December 31, 2021	**₱2,477,668,925**	**₱13,264,900**	**₱1,931,178,758**	**₱1,834,803,085**	**(₱194,659,340)**	**(₱27,250,542)**	**(₱347,343)**	**₱6,498,274**	**(₱70,618,247)**	**₱5,970,538,470**	**₱3,286,953**	**₱5,973,825,423**
At January 1, 2020	₱2,477,668,925	₱–	₱637,968,859	₱1,143,092,830	(₱266,509,340)	(₱20,083,920)	₱–	₱1,006,585	(₱1,014)	₱3,973,142,925	₱3,342,671	₱3,976,485,596
Acquisitions of treasury shares (Note 17)	–	–	–	–	–	–	–	–	(21,235,405)	(21,235,405)	–	(21,235,405)
Net income (loss)	–	–	–	294,130,474	–	–	–		–	294,130,474	(26,368)	294,104,106
Other comprehensive income (loss)	–	–	–	–	8,025,652	(5,209,889)	(731,525)	2,993,975	–	5,078,213	–	5,078,213
Total comprehensive income	–	–	–	294,130,474	8,025,652	(5,209,889)	(731,525)	2,993,975	–	299,208,687	(26,368)	299,182,319
At December 31, 2020	₱2,477,668,925	₱–	₱637,968,859	₱1,437,223,304	(₱258,483,688)	(₱25,293,809)	(₱731,525)	₱4,000,560	(₱21,236,419)	₱4,251,116,207	₱3,316,303	₱4,254,432,510
At January 1, 2019	₱2,477,668,925	₱–	₱637,968,859	₱648,147,097	(₱265,423,108)	(₱10,035,428)	₱–	(₱3,104,652)	(₱1,014)	₱3,485,220,679	₱3,495,179	₱3,488,715,858
Net income (loss)	–	–	–	494,945,733	–	–	–	–	–	494,945,733	(152,508)	494,793,225
Other comprehensive income (loss)	–	–	–	–	(1,086,232)	(10,048,492)	–	4,111,237	–	(7,023,487)	–	(7,023,487)
Total comprehensive income	–	–	–	494,945,733	(1,086,232)	(10,048,492)	–	4,111,237	–	487,922,246	(152,508)	487,769,738
At December 31, 2019	₱2,477,668,925	₱–	₱637,968,859	₱1,143,092,830	(₱266,509,340)	(₱20,083,920)	₱–	₱1,006,585	(₱1,014)	₱3,973,142,925	₱3,342,671	₱3,976,485,596

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱420,827,997**	₱345,924,477	₱626,384,911
Adjustments for:			
Equity in net earnings of associates (Note 10)	**(273,498,337)**	(175,888,940)	(380,303,831)
Depreciation (Notes 11, 12 and 18)	**33,185,103**	27,774,186	25,015,142
Interest expense (Note 16)	**26,678,756**	25,245,886	23,059,066
Impairment loss (Notes 8 and 12)	**16,889,227**	29,410,454	21,957,000
Net changes in retirement benefit obligation (Note 19)	**7,773,386**	7,348,507	3,403,947
Interest income (Note 23)	**(2,183,947)**	(2,045,174)	(2,741,357)
Loss (gain) on sale of:			
Property, plant and equipment (Notes 12 and 23)	**(288,866)**	184,474	(3,475,684)
EIFVPL (Note 9)	**–**	(12,478,111)	32,094,814
Investment properties (Notes 11 and 23)	**–**	–	(5,138,414)
Unrealized foreign exchange loss (gain)	**1,834**	(1,129)	(10,668)
Gain on bargain purchase (Note 21)	**–**	(2,659,077)	–
Unrealized loss on EIFVPL (Note 9)	**–**	–	43,513,896
Operating income before working capital changes	**229,385,153**	242,815,553	383,758,822
Decrease (increase) in:			
Receivables	**441,066,737**	(185,230,045)	(535,267,315)
Contract assets	**(573,162,266)**	38,365,488	175,603,670
Real estate inventories	**(654,078,488)**	17,098,300	30,892,534
Other inventories	**(26,955,562)**	8,993,928	(2,110,671)
Other current assets	**161,816,388**	(159,873,441)	(101,281,070)
Increase in:			
Accounts and other payables	**176,156,733**	7,061,066	51,376,238
Contract liabilities	**436,522**	29,461,662	71,139,401
Net cash from (used in) operations	**(245,334,783)**	(1,307,489)	74,111,609
Interest received	**2,183,947**	2,045,174	2,741,357
Net cash provided by (used in) operating activities	**(243,150,836)**	737,685	76,852,966
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment properties (Note 11)	**(205,638,655)**	–	–
Property, plant and equipment (Note 12)	**(69,364,440)**	(23,671,005)	(10,717,302)
Dividends received from associates (Note 10)	**160,442,000**	219,200,000	80,000,000
Proceeds from sale of:			
Property, plant and equipment (Note 12)	**1,457,573**	608,038	5,603,815
Investment properties (Note 11)	–	–	13,674,108
EIFVPL (Notes 9 and 21)	–	25,792,552	94,077,587
Increase in:			
Receivables from related parties	**(8,619,349)**	(3,305,566)	(27,488,843)
Other noncurrent assets	**(21,263,110)**	(15,658,459)	(87,223,751)
Cash inflow from acquisition of a subsidiary (Note 21)	–	51,507	–
Net cash provided by (used in) investing activities	**(142,985,981)**	203,017,067	67,925,614

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of preferred stock, net of issue costs (Note 17)	**₱1,306,474,799**	₱–	₱–
Short-term debt	**157,065,000**	241,252,000	245,805,000
Long-term debt	**547,171,200**	171,903,700	265,676,700
Payments of:			
Short-term debt	**(127,781,380)**	(155,174,600)	(185,780,200)
Long-term debt	**(315,572,759)**	(222,737,099)	(410,807,989)
Interest paid	**(87,669,100)**	(64,436,684)	(64,524,147)
Acquisition of treasury shares (Note 17)	**(49,381,828)**	(21,235,405)	–
Net cash provided by (used in) financing activities	**1,430,305,932**	(50,428,088)	(149,630,636)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**2,495,880**	2,995,104	4,121,905
NET INCREASE (DECREASE) IN CASH	**1,046,664,995**	156,321,768	(730,151)
CASH AT BEGINNING OF YEAR	**231,321,649**	74,999,881	75,730,032
CASH AT END OF YEAR (Note 4)	**₱1,277,986,644**	₱231,321,649	₱74,999,881

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies.

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental, Tanay, Rizal; Valencia City, Bukidnon and Butuan City, Agusan del Norte.

The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE).

On November 12, 2021, the Parent Company secured the approval from PSE and SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series A" preferred shares at the option of the Parent Company. The Parent Company issued and listed its preferred shares in PSE on November 29, 2021 (see Note 17).

The principal place of business and registered office address of the Parent Company is Xavier Estates Uptown, Airport Road, Balulang, Cagayan de Oro City.

The Subsidiaries
The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and holdings of investments. The following are the subsidiaries of the Parent Company:

A Brown Energy and Resources Development, Inc. (ABERDI)
ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

Palm Thermal Consolidated Holdings, Corp. (PTCHC)
PTCHC is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including land, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties as may be necessary or incidental to the conduct of the corporate business and to pay cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

Blaze Capital Limited (BCL)
BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Hydro Link Projects Corp. (HLPC)
HLPC is a 100% owned subsidiary of the Parent Company registered with the SEC on May 6, 2010. Its primary purpose is to engage in, conduct and carry on the business of developing, constructing, operating, repairing, and maintaining hydro-electrical plants and system and other power generating or converting stations, manufacture, operation and repair of related mechanical and electrical equipment. Since its incorporation, the Company has not started its commercial operations.

AB Bulk Water Company, Inc. (ABBWCI)
ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)
MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations.

Simple Homes Development, Inc. (SHDI)
SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)
NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)
BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)
VEC is a 99.995% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently

carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations. VEC is a subsidiary effective June 18, 2020 (see Note 21).

Irradiation Solutions Inc. (ISI)
ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines.

Approval of Consolidated Financial Statements
The accompanying consolidated financial statements of the Group as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 were approved and authorized for issue by the BOD on May 10, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for EIFVPL and EIFVOCI that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company. All subsidiaries and associates also use ₱ as functional currency, except for BCL whose functional currency is US Dollar ($). All amounts are rounded off to the nearest Philippine Peso, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial accounting reliefs as issued and approved by the SEC in response to the COVID-19 pandemic:

a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E; and,
c. Application of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)*.

The Group has availed of the reliefs granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the above PIC Q&As until December 31, 2023.

The details and the impact of the deferral of the above financial reporting reliefs are discussed in the Changes in Accounting Polices and Disclosures section.

The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021.

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

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Effective Percentage of Ownership (%)		
	2021	2020	2019
ABERDI	**100**	100	100
NC	**100**	100	100
BAC*	**100**	100	100
PTCHC	**100**	100	100
HLPC*	**100**	100	100
ABWCI*	**100**	100	100
BCL*	**100**	100	100
SHDI*	**100**	100	100
MCPI**	**49**	49	49
VEC*	**100**	100	–
ISI*	**100**	–	–

** pre-operating subsidiaries*
*** non-operating subsidiary*

NCI
NCI represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

NCI are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder’s equity. Any losses applicable to the NCI are allocated against the interests of the NCI even if this results to the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the NCI is recognized in equity of the parent in transactions where the NCI are acquired or sold without loss of control.

As at December 31, 2021 and 2020, percentage of NCI pertaining to MCPI amounted to 51%. The voting rights held by the NCI are in proportion of their ownership interest.

Business Combination and Goodwill
Business combinations are accounted for using the acquisition method. As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer has the option to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred.

When a business is acquired, the financial assets and financial liabilities assumed are assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9, *Financial Instruments*, either in consolidated statement of comprehensive income or as a charge to OCI. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair values of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

A CGU to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit including the goodwill, with the recoverable amount of the unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Group shall recognize the impairment loss. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

The Group performs its impairment test of goodwill on an annual basis every December 31 or earlier whenever events or changes in circumstances indicate that goodwill may be impaired.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

The nature and impact of each new standard and amendment are described below:

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

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

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

  The Group adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2020-02, *Treatment of Uninstalled Materials in the Determination of the POC* (Amendment to PIC Q&A 2018-12-E)

  PIC Q&A 2020-02 was issued by PIC on December 15, 2020 and provides amendment on PIC Q&A 2018-12-E, *On Certain Materials Delivered on Site but not yet Installed*. The latter aims to provide guidance on the treatment of uninstalled materials in measuring the progress of the performance obligation. The PIC has concluded that in recognizing revenue using a cost-based input method, customized materials are to be included in the measurement of the progress of work while materials that are not customized shall be excluded.

  The adoption of the Interpretation has no significant impact on the consolidated financial statements of the Group as the POC of the projects are determined based on the accomplishment and physical proportion of work done on the real estate which requires technical determination by the Group's specialist (project engineers).

- Adoption of PIC &A 2018-12-H, *Accounting for CUSA Charges*

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. The PIC provides guidance on whether a real estate developer is acting as a principal or agent in goods and services that it delivers based on contract of lease with the tenants.

  The Interpretation has no impact on the consolidated financial statements of the Group.

- Adoption of PIC Q&A 2020-05, *Accounting for Cancellation of Real Estate Sales* (Amendment to PIC Q&A 2018-14)

  On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

  On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (Approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the Financial Reporting Standards Council.

  The adoption of the interpretation has no significant impact on the consolidated financial statements of the Group as its current accounting for real estate sales cancellation is in accordance with Approach 3. The Group records the repossessed inventory at cost and reverses in the period of cancellation the revenues and related costs previously recognized.

<u>Standards Issued but Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

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

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

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

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

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

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopted*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Parent is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued MC No. 14-2018 and MC No. 3-2019, respectively, providing reliefs to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the SEC issued MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023 as follows:

  a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
  b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

  To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Commission en banc, in its meeting held on July 8, 2021, approved the amendment to the transitional provisions in the above MCs which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable (ICR), provision for deferred income tax, deferred income tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its CTSs.

b. The exclusion of land in the determination of POC would have reduced the POC of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and ICR; increased real estate inventories and would have impacted deferred income tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*)

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of PFRS 15, *Revenue from Contracts with Customers*. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

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

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

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

These amendments do not have any impact on the Group's consolidated financial statements.

Summary of Significant Accounting Policies
The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Fair Value Measurement
The Group measures financial assets designated at FVOCI and financial assets at FVPL at fair value at each reporting date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Cash
Cash includes cash on hand and in banks.

Financial Instruments - Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial assets
(i) Initial recognition and measurement
Financial assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

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

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

The Group’s business model refers to how it manages its financial assets in order to generate cash flows. The Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group’s key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

(ii) Subsequent measurement
The Group subsequently classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the consolidated statement of comprehensive income under “Provision for impairment”.

The Group's financial assets at amortized cost include cash, receivables, receivables from related parties and refundable deposits included under "Other assets" in the consolidated statements of financial position (see Notes 4, 5, 8 and 15).

Financial assets at FVOCI (debt instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As at December 31, 2021 and 2020, the Group's does not have debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments). At initial recognition, an entity may make an irrevocable election to present in OCI subsequent changes in the fair value of an investment in an equity instrument within the scope of PFRS 9 that is neither held for trading (HFT) nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies. The classification is determined on an instrument-by-instrument basis. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the consolidated statement of comprehensive income as 'Net change in fair value of EIFVOCI'.

In applying that classification, a financial asset or financial liability is considered to be HFT if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or,
(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or,
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains and losses on equity instruments designated at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to 'Retained earnings' or any other appropriate equity account upon disposal. Dividends are recognized in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group includes equity instruments not HFT in this category. The Group made irrevocable election to present in OCI subsequent changes in the fair value of all the Group's investments in golf shares and unlisted shares of stock (see Note 9).

Financial assets at FVPL. Financial assets at FVPL are measured as at initial recognition unless these are measured at amortized cost or at FVOCI. Included in this classification are equity instruments HFT and debt instruments with contractual terms that do not represent SPPI on the principal amount outstanding. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income under 'Unrealized gain (loss) on EIFVPL'.

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

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

The Group's financial assets at FVPL include listed equity securities.

(iii) Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from The Group's consolidated statement of financial position) when:

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

When the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

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

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Group has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

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

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Group from the time of origination.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been an SICR when contractual payments are more than 90 days past due.

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

Write-off policy. The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Reclassifications of financial instruments. The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities that are HFT and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as HFT if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities that are HFT are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the consolidated statement of comprehensive income.

The Group's financial liabilities measured at amortized cost as of December 31, 2021 and 2020 includes the following (see Notes 13 and 16):

- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)

Short-term debt and long-term debt are raised for support of short and long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges are recognized as "Interest expense" in the consolidated statement of comprehensive income on an accrual basis using the EIR method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Accounts and other payables are initially recognized at fair value and subsequently measured at amortized cost, using EIR method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as noncurrent liabilities.

(iii) Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

<u>Classification of Financial Instruments Between Liability and Equity</u>
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or,
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or,
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

Real Estate Inventories
Real estate inventories consists of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus all costs incurred directly attributable to the construction and development of the properties. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future. Repossessed real estate inventories are recorded at original cost.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale. Valuation allowance is provided for real estate held for sale when the NRV of the properties are less than their carrying amounts. Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Borrowing Costs
Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories, is being constructed are capitalized as part of the cost of that asset.

Capitalization of borrowing cost should commence when: (i) expenditures for the asset and borrowing costs are being incurred; and, (ii) activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when the asset is substantially ready for its intended use or sale. For borrowing associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used. All other borrowing costs are expensed as incurred.

Other inventories
Other inventories pertain to finished agricultural goods, construction materials and agricultural materials and supplies which are measured at the lower of cost and NRV. At each reporting date, other inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss. Provision for inventory losses is established for estimated losses on other inventories which are determined based on specific identification of slow-moving, damaged, and obsolete inventories.

Agricultural produce
Agricultural produce is the harvested product of the Group's bearer plants. A harvest occurs when agricultural produce is either detached from the bearer plant or when a bearer plant's life processes cease. The Group's agricultural produce (e.g. fresh fruit bunches, under other inventories) are measured at fair value less estimated costs to sell at the time of harvest. The Group uses the future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further

processing, less future growing cost as the basis of fair value. The Group's harvested produce to be used in processed products are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin associated to further processing.

Finished agricultural goods
Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor and overhead costs. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction materials and agricultural materials and supplies
Construction materials and agricultural materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Deposits for Purchased Land
This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. The Group normally makes deposits before a contract to sell is executed between the Group and the landowner. These are recognized at cost. The sales contracts are expected to be executed within 12 months after the reporting period. The deposits made are presented under other current assets in the consolidated statement of financial position as these are expected to be used for the Group's real estate development projects.

Prepayments
Prepayments represent expenses not yet incurred but already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in operations or expire with the passage of time. Prepayments are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the entity's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Investments in Associates
An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit as 'Equity in net earnings of associates'. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share to the extent of the interest in associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statement of comprehensive income.

Investment Property

Investment property consists of land, building, and land improvements which currently held either to earn rental or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the supply of services or for administrative purpose. These properties are initially recognized at fair value plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction costs. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The carrying value of the asset, is reviewed for impairment when changes in circumstances indicate the carrying value, may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount while impairment losses are recognized in the consolidated statement of comprehensive income.

Depreciation or amortization of an item of investment property begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the item is derecognized.

The Group depreciates and amortizes its land improvements using the straight-line method over the 10-30 years estimated useful lives.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the use of property, plant and equipment.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset’s future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

The 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 the asset is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property, Plant and Equipment
Property, plant and equipment, except for land and construction in progress, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost, less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

The Group classifies ROU assets as part of property, plant and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.

Depreciation or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the item is derecognized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, except for leasehold improvements and right-of-use assets, which are amortized over their estimated lives or term of the lease, whichever is shorter, and bearer plants, which are depreciated using units-of-production (UOP) method.

	Years
Refined bleached deodorized (RBD) and fractionation machineries	21
Building and improvements	10 - 30
Leasehold improvements	2 - 5 or lease term, whichever is shorter
Machineries and equipment	2 - 10
Right-of-use assets	17 or lease term, whichever is shorter
Other equipment	2 - 10

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the use of property, plant and equipment.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Construction in progress represents property, plant and equipment under construction or development and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized. When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts while any resulting gain or loss is included in the consolidated statement of comprehensive income.

Bearer plants
Bearer plants pertain to the Group's palm oil trees used in the production or supply of fresh fruit bunches (FFB) as its agricultural produce and are expected to bear produce for more than twelve months and have a remote likelihood of being sold as a plant or harvested as agricultural produce, (except for incidental scrap sales).

Bearer plants are measured at cost less accumulated depreciation and any impairment in value. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and other direct costs necessary to cultivate such plants before they are brought into the location and condition necessary to be capable of operating in the manner intended by management.

UOP method is used for depreciating the bearer plants. Depreciation is charged according to units of FFB harvested over the estimated units of FFB to be harvested during the life of the bearer plants or remaining contract period, whichever is shorter. The Group estimates its total units of FFB to be harvested based on the average yield over which the bearer plants are expected to be available for use. In addition, the estimate is based on collective assessment of internal technical evaluation and experience. Changes in the estimated total units of FFB to be harvested may impact the depreciation of bearer plants.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's investments in associates, investment properties, property plant, and equipment and other assets excluding refundable deposits (see Notes 8, 10, 11 and 12).

The Group assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its estimated recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is directly charged or credited to operations.

Equity

Capital stock and additional paid-in capital
Capital stock consists of common shares and preferred shares which are measured at par value for all common and preferred shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings
Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of changes in accounting policies or restatements, if any. Dividends on common stock are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Other comprehensive income (loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of comprehensive income for the year in accordance with PFRSs. Other comprehensive income (loss) of the Group includes fair value reserve of EIFVOCI, remeasurement gains (losses) on retirement obligation, remeasurement gains (losses) on defined benefit plan of an associate, and cumulative translation adjustment.

Revenue and Cost Recognition

Revenue from contracts with customers
The Group is primarily engaged in real estate development, production and sale of agricultural goods, and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Group derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the Group's in-house technical team approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

Buyer's equity represents a certain percentage of buyer's payments of total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under 'Contract assets' in the assets section of the consolidated statement of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under 'Contract liabilities' account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Group recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sale of agricultural goods. Revenue from sale of agricultural goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by the buyer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, noncash consideration, and consideration payable to the customer, if any.

Variable consideration - rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Cost of agricultural goods sold. Costs of sales include direct material costs, manufacturing expenses and monetary value of inventory adjustments. This is recognized upon delivery of the goods or when the control of the asset is transferred and when the cost is incurred, or the expense arises.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Group recognizes revenue in the amount to which the Company has a right to invoice since the Group bills a fixed amount for every cubic meter of water delivered.

Income from forfeited deposits. Income from forfeited collections recorded under 'Other income' in the consolidated statement of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Interest income. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other income. Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

Contract Balances

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

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. The amounts recognized as contract assets are reclassified to ICR when the monthly amortization of the customer is due for collection. It is recognized under 'Receivables' in the consolidated statement of financial position.

A receivable (e.g., ICR), represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of consideration is due).

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under 'Other current assets' in the consolidated statement of financial position if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the 'General, administrative expenses and selling expenses' account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

Amortization, derecognition and impairment of capitalized costs to obtain a contract. The Group amortizes capitalized costs to obtain a contract as marketing expense under 'General, administrative expenses and selling expenses' account in the consolidated statement of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that costs to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

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

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs 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. Costs and expenses are generally recognized when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits

Pension benefits are provided to employees through a defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following comprise the defined benefit costs:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

A reassessment is made after inception of the lease only if one of the following applies:
(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised, or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or,
(d) There is substantial change to the asset.

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

As Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

Right-of-use assets are presented under 'Property, plant and equipment' in the consolidated statement of financial position and are subject to impairment.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Taxes

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

Value-added tax (VAT). Revenues, expenses and assets are recognized net of amount of VAT, if applicable.

When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under ‘Accounts and other payables’ in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under ‘Other current assets’ in the consolidated statement of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Deferred input VAT. Deferred input VAT represents portion of input VAT incurred and paid in connection from the purchase of a capital good whose acquisition cost exceeds of ₱1.0 million per month. Section 110(A) (1) of the NIRC so provides that the input tax on capital goods purchased or imported in a calendar month for use in trade or business shall be spread evenly over the month of acquisition and the 59 succeeding months, unless the expected useful life of the capital good is less than five years, in which case the input tax is amortized over such a shorter period. Pursuant to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law, this provision is applicable only until December 31, 2021. Deferred input VAT is stated at its realizable value.

Foreign Currencies
The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies. The functional currency of BCL is the US Dollar. On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso (₱) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized under 'Cumulative translation adjustment' in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basic and Diluted Earnings Per Share (EPS)
Basic EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common stocks issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing net income attributable to common stockholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an anti-dilutive effect on earnings per share.

As of December 31, 2021, and 2020, the Group has no potentially dilutive common shares.

Segment Reporting
The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 25 to the consolidated financial statements.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

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

Events After the Reporting Period

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates 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. Actual results could differ for such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers

The Group is primarily engaged in real estate sales and development, sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels, and water services. The Group accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price; (d) application of the output method as the measure of progress in determining real estate revenue; and (e) determination of the actual costs incurred as cost of goods sold.

- *Identifying performance obligations*. The Group has various CTS covering subdivision land and residential houses and lots. The Group concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.

- *Existence of a contract.* The Group's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age of receivables, and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Revenue recognition method and measure of progress.* The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

The Group requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue recognition - sales of agricultural goods and water services. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint. (d) recognition of revenue as the Group satisfies the performance obligation.

- *Identifying performance obligations*. The Group accounts for all of the goods or services in each contract with customer as a single performance obligation capable of being distinct.

- *Recognition of revenue as the Group satisfies the performance obligation of sale of agricultural goods and water services*. The Company concluded that the revenue for sale of palm oil and other palm products to be recognized at a point in time when the goods are delivered and water services to be recognized over time as the customer receives and consumes the benefit from the performance of the related water services and it has a present right to payment for the services rendered.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold or services rendered.

- *Method to estimate variable consideration and assess constraint for agricultural goods*. The Group uses historical experience from the past 12 months to determine the expected value of rights to return and constrain the consideration accordingly. The Group updates its assessment of expected returns and refund liability. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at December 31, 2021 and 2020, no refund liability was recognized in the consolidated statements of financial position.

Definition of default and credit-impaired financial assets and contract assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The customer is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - The borrower is experiencing financial difficulty or is insolvent;
  - The borrower is in breach of financial covenant(s);
  - An active market for that financial assets has disappeared because of financial difficulties;
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or,
  - It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

In line with the impact of COVID-19, the collectability of accounts with customers continues to be closely monitored by the Group. A material change in the provision for impairment of trade receivables has not been identified.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Distinction between real estate inventories, investment properties and owner-occupied properties. The Group determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property, plant and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Determination of acquisition of group of assets as a business in accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

On June 18, 2020, the Parent Company signed a share purchase agreement to acquire 99.995% ownership interest in VEC. The Group assessed that the acquired group of assets and liabilities constitute a business since VEC has existing inputs and substantive processes which together have the ability to contribute to the creation of outputs.

Significant influence on Palm Concepcion Power Corporation (PCPC), Peakpower Energy, Inc. (PEI) and East West Rail Transit Corporation (EWRTC). In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20% to 50% of the voting rights of an investee is presumed to give the Group a significant influence. The Group considers that it has significant influence over its investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Evaluation and reassessment of control in MCPI. The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements*, when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities.

The Group controls an investee if and only if it has all the following:
a. power over the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and,
c. the ability to use its power over the investee to affect the amount of the investor's returns.

Ownership interest in MCPI represent 49%. The Group has control over MCPI considering that critical decision making position in deciding over the strategic policies and relevant activities of MCPI are occupied by the representatives of the Group.

Impairment of nonfinancial assets, excluding property, plant and equipment. The Group assesses impairment on investments in associates, investment properties, and other assets excluding refundable deposits and considers the following important indicators considering the impact of COVID-19 pandemic:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business;
- Significant negative industry or economic trends; or,
- Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment where the Group operates.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the remaining contract period or useful lives, if practicable, and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In 2021 and 2020, management has not identified any impairment indicators on the nonfinancial assets, excluding property, plant and equipment. The carrying values of the nonfinancial assets excluding property, plant and equipment follow:

	2021	2020
Investments in associates (Note 10)	**₱1,551,999,914**	₱1,430,559,395
Other current assets* (Note 8)	**340,143,954**	503,723,235
Investment properties (Note 11)	**449,402,314**	97,133,941
Other noncurrent assets* (Note 8)	**₱236,481,527**	₱117,109,279

** Excluding refundable deposits*

Management's Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition on real estate projects. The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant judgment and estimation. In view of the restricted mobility due to the coronavirus pandemic, the progress of the Group's performance obligation is affected which resulted to lower POC in 2021 and 2020.

The Group also includes land in the calculation of POC since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

For the years ended December 31, 2021, 2020 and 2019, the real estate sales recognized over time amounted to ₱628.5 million, ₱761.5 million and ₱942.7 million, respectively (see Note 27).

Provision for expected credit losses of receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group considers an ICR and contract asset in default when the Group forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized impairment loss.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables and contract assets from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The Group recognized provision for expected credit losses on receivables and contract assets of ₱1.8 million in 2021, ₱3.8 million in 2020, and nil for 2019. As at December 31, 2021 and 2020, the allowance for ECL recognized in the consolidated statements of financial position amounted to ₱6.1 and ₱4.3 million, respectively (see Note 5).

Estimating NRV of real estate inventories. The Group reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted to lower sales in 2021. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of real estate inventories amounted to ₱2,090.0 million and ₱1,573.0 million as of December 31, 2021 and 2020, respectively (see Note 6).

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

As at December 31, 2021 and 2020, the aggregate fair values of the financial assets amounted to ₱2,180.1 million and ₱1,606.5 million, respectively, and of the financial liabilities amounted to ₱2,307.5 million and ₱1,910.1 million, respectively (see Note 24).

Impairment of property, plant and equipment. The Group performs annual impairment review of property, plant and equipment. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of the assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, the assumptions may be subjected to higher level of estimation uncertainty due to the impact of COVID-19. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

In 2021 and 2020, the Group has assessed that its bearer plants has indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2021 and 2020, the Group recognized impairment loss of ₱15.1 million to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield (see Note 12).

No additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2021 and 2020. The recoverable amount was computed using discounted cash flows approach and considered certain assumptions which included the impact of COVID, such as future FFB production, FFB prices, direct costs, and discount rate.

In addition, the Group recognized an impairment loss of nil and ₱14.1 million for specifically identified construction in progress that are no longer usable in 2021 and 2020, respectively (see Note 12).

The Group recognized an allowance for impairment loss on property, plant and equipment amounting to ₱78.8 million and ₱63.7 million as of December 31, 2021 and 2020, respectively (see Note 12). As at December 31, 2021 and 2020, the carrying value of the property, plant and equipment amounted to ₱921.1 million and ₱912.5 million (see Note 12).

Post-employment defined benefit plan. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of December 31, 2021 and 2020, the Group's retirement obligation amounted to ₱69.2 million and ₱61.2 million, respectively (see Note 19).

Estimating realizability of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

As at December 31, 2021 and 2020, deferred tax assets amounting to ₱34.6 million and ₱46.6 million, respectively, were not recognized in the consolidated statements of financial position since it is not probable that sufficient taxable income may be available in the future against which the deferred tax assets can be utilized. As at December 31, 2021 and 2020, the carrying values of deferred tax assets amounted to ₱83.8 3 million and ₱51.9 million, respectively (see Note 20).

4. Cash

	2021	2020
Cash on hand	**₱7,623,550**	₱1,369,916
Cash in banks	**1,270,363,094**	229,951,733
	₱1,277,986,644	₱231,321,649

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. The Group earned interest from cash in banks amounting to ₱0.4 million and ₱0.1 million in 2021 and 2020, respectively.

5. Receivables

	2021	2020
ICR	**₱330,518,474**	₱798,623,667
Trade receivables	**23,439,474**	19,672,704
Dividend receivable (Note 10)	**80,000,000**	88,000,000
Advances to officers and employees	**3,196,438**	2,985,025
Other receivables	**55,325,327**	130,431,804
	492,479,713	1,039,713,200
Less allowance for credit losses	**6,094,110**	4,260,860
	486,385,603	1,035,452,340
Less noncurrent portion	**46,999,426**	26,338,455
	₱439,386,177	₱1,009,113,885

ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. Some of the ICRs bear interest ranging from 14% to 18% in 2021 and 2020, depending on the projects and units. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers. Interest earned from contract assets and ICR amounted to ₱1.8 million and ₱1.9 million in 2021 and 2020, respectively.

Trade receivables include receivables from water service and sale of palm oil and other palm products which are noninterest-bearing and are normally collected within seven (7) to sixty (60) days.

Dividend receivable pertains to the cash dividends declared by the associate, PCPC, which is due and demandable.

Advances to officers and employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one year.

Other receivables mainly pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

Movement in the allowance for impairment is as follows:

	2021	2020
Balances at beginning of year	**₱4,260,860**	₱474,380
Provision for expected credit losses (Note 18)	**1,833,250**	3,786,480
Balances at end of year	**₱6,094,110**	₱4,260,860

6. **Real Estate Inventories**

	2021	2020
Land for sale and development	**₱519,645,964**	₱195,500,285
Construction and development costs	**1,570,369,490**	1,377,548,782
	₱2,090,015,454	₱1,573,049,067

The rollforward of this account follows:

	2021	2020
Balance at beginning of the year	**₱1,573,049,067**	₱1,580,964,264
Construction and development costs incurred	**477,483,328**	300,155,667
Transfers from deposits for land acquisition (Note 8)	**299,980,155**	–
Transfers to investment properties (Note 11)	**(149,537,684)**	–
Borrowing costs capitalized (Note 16)	**61,716,946**	36,177,696
Purchase of land	**34,588,513**	–
Depreciation expense capitalized (Note 12)	**12,425,583**	9,183,103
Cost of real estate sales	**(219,690,454)**	(353,431,663)
	₱2,090,015,454	₱1,573,049,067

The real estate inventories are carried at cost. No inventories are recorded at amounts lower than cost in 2021 and 2020.

Land for sale and development represents real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, and other costs directly attributable to bringing the real estate inventories to its intended condition.

Borrowing costs capitalized to inventories in 2021 and 2020 amounted to ₱61.7 million and ₱36.2 million, respectively (Note 16). The capitalization rate used to determine the borrowing costs eligible for capitalization in 2021 and 2020 is 6.55% and 3.57%, respectively.

Collateralized properties
Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Group's short-term and long-term debts (see Note 16). As at December 31, 2021 and 2020, the carrying values of the collateralized real estate inventories amounted to ₱474.2 million and ₱165.6 million, respectively.

7. **Other Inventories -** at cost

	2021	2020
Finished agricultural goods	**₱88,261,898**	₱82,007,278
Construction materials	**86,267,235**	65,147,876
Agricultural materials and other supplies	**1,627,435**	938,774
	₱176,156,568	₱148,093,928

The cost of inventories recognized under cost of agricultural goods sold in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Purchase and harvest of FFB	**₱39,474,747**	₱36,885,423	₱28,001,011
Crude palm oil purchased during the year	**–**	–	16,814,433
FFB used in production	**39,474,747**	36,885,423	44,815,444
Direct labor	**2,444,025**	3,831,991	3,845,652
Manufacturing overhead	**6,352,816**	9,960,592	12,924,105
Total manufacturing cost	**48,271,588**	50,678,006	61,585,201
Finished goods at beginning of year	**82,007,278**	91,464,783	79,564,205
Finished goods at end of year	**(88,261,898)**	(82,007,278)	(91,464,783)
Total cost of agricultural goods sold	**₱42,016,968**	₱60,135,511	₱49,684,623

Depreciation from property, plant and equipment capitalized to other inventories amounted to ₱1.1 million, ₱1.9 million and ₱2.5 million in 2021, 2020 and 2019, respectively (see Note 12).

Construction materials pertain to supplies used in the construction and development of the real estate projects.

Agricultural materials and other supplies pertain to fertilizers, fuel and oil and other consumables. In 2020, expired fertilizers and fertilizer bags no longer usable were written-off amounting to ₱2.0 million recognized under "Provision for inventory obsolescence" in the consolidated statement of comprehensive income (see Note 18).

8. **Other Assets**

	2021	2020
Current:		
Deposits for purchased land	**₱158,739,048**	₱319,065,057
Creditable withholding taxes	**97,573,712**	71,387,309
Prepaid expenses	**61,749,311**	56,457,442
Costs to obtain contracts (Note 27)	**12,725,634**	16,005,309
Input VAT	**8,634,966**	37,977,716
Refundable deposits	**7,462,263**	7,462,263
Miscellaneous	**721,283**	2,830,402
	₱347,606,217	₱511,185,498
Noncurrent:		
Advances to third party	**₱202,719,000**	₱115,311,840
Refundable deposits - net of current portion	**41,297,650**	39,406,790
Deferred input VAT	**33,719,520**	1,754,432
Goodwill	**43,007**	43,007
	₱277,779,177	₱156,516,069

Deposits for purchased land pertain to installment payments made by the Group to the sellers of lands based on the sales contracts. The lands are intended to be held for sale and development in the future. In 2021, the Group made transfers of land from deposits to real estate inventory upon transfer of control of the land to the Group amounting to ₱300.0 million (see Note 6).

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Prepaid expenses consist mainly of prepaid supplies, employee benefits, rent, insurance and taxes and licenses which are applicable in the future period.

Costs to obtain contracts pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are amortized as marketing expense under “General, administrative and selling expenses” in the consolidated statements of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition (see Note 18).

Advances to third party pertain to advances made by the Parent Company to potential joint venture partners for acceptable business projects. The advances are to be applied to the cost of the business project.

Deferred input VAT pertains to the input VAT from the purchase of a capital good whose acquisition cost exceeds ₱1.0 million. Section 110(A) (1) of the NIRC so provides that the input tax on capital goods purchased or imported in a calendar month for use in trade or business shall be spread evenly over the month of acquisition and the 59 succeeding months, unless the expected useful life of the capital good is less than five years, in which case the input tax is amortized over such a shorter period. Pursuant to the implementation of TRAIN law, this provision is applicable only until December 31, 2021.

In 2021 and 2020, input VAT were written-off amounting to ₱1.8 million and ₱0.2 million, respectively, were recognized under “Impairment loss” in the consolidated statements of comprehensive income.

Miscellaneous pertains to advances to suppliers and contractors.

9. Investments in Equity Instruments

Quoted and unquoted equity securities
The Group's EIFVPL consists of quoted equity securities that are listed and traded in the Philippine Stock Exchange (PSE). The fair value of these securities has been determined directly by reference to published prices in an active market using Level 1 fair value hierarchy. The changes in the fair value of the quoted equity securities are recognized under "Unrealized gain (loss) on EIFVPL" in the consolidated statements of comprehensive income.

The Group's EIFVOCI include unquoted golf club shares and unlisted shares of stock. The fair values of the golf club shares are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input). The Group's unlisted shares of stock are measured at cost. Financial assets are measured at cost when insufficient more recent information is available to measure its fair value, or if a wide range of possible fair value measurements and cost represents the best estimate of fair value within the range under Level 3 of the fair value hierarchy. The changes in the fair value of these unquoted equity instruments are recognized under "Net change in fair value of EIFVOCI" in other comprehensive income.

As of December 31, 2021 and 2020, the carrying value of unquoted golf club shares amounted to ₱226.7 million and ₱162.8 million, respectively; and unlisted shares of stock amounted to ₱12.7 million and ₱12.8 million, respectively.

The rollforward analysis of investments in EIFVOCI and EIFVPL in 2021 and 2020 follows:

2021	**EIFVOCI**
Cost:	
At January 1 and December 31	**₱434,070,793**
Cumulative unrealized loss:	
At January 1	**(258,483,688)**
Fair value adjustment	**63,824,348**
At December 31	**(194,659,340)**
Carrying values	**₱239,411,453**

2020	EIFVPL	EIFVOCI
Cost:		
At January 1	₱64,125,698	₱434,070,793
Disposal	(64,125,698)	–
At December 31	–	434,070,793
Cumulative unrealized loss:		
At January 1	(641,257)	(266,509,340)
Disposal	641,257	–
Fair value adjustment	–	8,025,652
At December 31	–	(258,483,688)
Carrying values	₱–	₱175,587,105

In 2020, the Group sold its 64,125,698 shares of EIFVPL for ₱76.0 million resulting in a gain of ₱12.5 million. This includes the transfer of the Parent Company's EIFVPL for ₱50.2 million as part of the consideration paid for the acquisition of VEC (see Note 21).

The Group's dividend income from EIFVOCI amounted to ₱7.4 thousand and ₱0.2 million in 2021 and 2020, respectively (see Note 23).

10. **Investments in Associates**

	2021	2020
PCPC	**₱1,130,305,211**	₱1,062,963,914
PEI	**368,181,859**	313,926,796
EWRTC	**53,512,844**	53,668,685
	₱1,551,999,914	₱1,430,559,395

	2021	2020
Acquisition cost, beginning and end of year	**₱1,105,595,917**	₱1,105,595,917
Accumulated equity in net earnings:		
Balances at beginning of year	**324,963,478**	324,806,063
Equity in net earnings	**273,498,337**	175,888,940
Dividends	**(152,442,000)**	(175,000,000)
Equity in other comprehensive income (loss)	**384,182**	(731,525)
	446,403,997	324,963,478
	₱1,551,999,914	₱1,430,559,395

In 2021 and 2020, PEI declared cash dividend to the Group amounting to ₱72.4 million and ₱95.0 million, respectively, while PCPC declared cash dividend to the Group amounting to ₱80.0 million for both years.

The Group's share in net income (loss) of its associates are shown below:

	2021	2020	2019
PCPC	**₱146,957,116**	₱61,811,399	₱260,684,546
PEI	**126,697,063**	114,158,501	119,749,942
EWRTC	**(155,842)**	(80,960)	(130,657)
	₱273,498,337	₱175,888,940	₱380,303,831

Investment in PCPC

The Group has 20% investment in PCPC. PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants. The Group accounts its investment in PCPC as investment in associate as it exercises significant influence over PCPC. The following table sets out the summarized financial information of PCPC as of December 31, 2021 and 2020:

	2021	2020
Assets		
Current assets	**₱3,183,042,154**	₱3,171,695,590
Noncurrent assets	**8,911,628,206**	9,583,664,805
Less liabilities		
Current liabilities	**1,942,607,687**	1,952,152,885
Noncurrent liabilities	**4,781,706,684**	5,769,558,012
Equity	**₱5,370,355,989**	₱5,033,649,498
Group's carrying amount of the investment	**₱1,130,305,211**	₱1,062,963,914

As of December 31, 2021 and 2020, the Group's share in PCPC's net assets amounted to ₱1,074.1 million and ₱1,006.7 million, respectively. As of December 31, 2021 and 2020, the excess of the carrying value over the Group's share in PCPC's net assets is attributable to the notional goodwill.

	2021	2020	2019
Revenue	**₱5,190,714,173**	₱4,050,924,027	₱5,326,855,110
Costs and expenses	**4,455,928,593**	3,741,867,033	4,023,432,382
Net income	**734,785,580**	309,056,994	1,303,422,728
Other comprehensive income (loss)	**1,920,909**	(3,657,625)	–
Total comprehensive income	**₱736,706,489**	₱305,399,369	₱1,303,422,728

Investment in PEI
The Group has 20% investment in PEI. PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI's focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region.

The following table sets out the summarized financial information of PEI as of December 31, 2021 and 2020:

	2021	2020
Assets		
Current assets	**₱476,704,629**	₱452,429,558
Noncurrent assets	**2,244,115,776**	2,307,160,801
Less liabilities		
Current liabilities	**686,811,523**	813,912,864
Noncurrent liabilities	**247,808,068**	430,751,998
Equity	**₱1,786,200,814**	₱1,514,925,497
Group's carrying amount of the investment	**₱368,181,859**	₱313,926,796

As of December 31, 2021 and 2020, the Group's share in PEI's net assets amounted to ₱357.2 million and ₱303.0 million, respectively. As of December 31, 2021 and 2020, the excess of the carrying value over the Group's share in PEI's net assets is attributable to the notional goodwill.

	2021	2020	2019
Revenue	**₱962,703,434**	₱981,405,568	₱1,042,302,657
Costs and expenses	**329,218,117**	410,613,063	443,552,945
Net income	**₱633,485,317**	₱570,792,505	₱598,749,712

Investment in EWRTC
The Group has 33.33% investment in EWRTC. The Consortium composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) has submitted an unsolicited proposal to the Philippine National Railways (PNR) to build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. This project is in line with the objective of the government to increase the ratio of rail transport systems to the rocketing ridership demand in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, and operation & maintenance of the East-West Rail Project that will traverse the corridor of Quezon Avenue in Quezon City and España Boulevard in Manila.

In 2020, the PNR has re-granted the Original Proponent Status (OPS) to the Consortium. The Project was endorsed again to the National Economic and Development Authority (NEDA) for evaluation and approval by the Investment Coordination Committee (ICC). As of December 31, 2021, the Consortium has completed and submitted the latest requirements of the ICC, including the Environmental Impact Statement. In 2021, the Consortium has secured local endorsements from the local government unit hosts. The Consortium continues to work on securing the Environmental Compliance Certificate and remains in active discussions with foreign entities for possible entry and investment in the project.

The following table sets out the summarized financial information of EWRTC as of December 31, 2021 and 2020:

	2021	2020
Assets		
Current assets	**₱39,006,517**	₱36,730,028
Noncurrent assets	**11,611,380**	4,952,061
Less liabilities		
Current liabilities	**460,708,044**	427,401,511
Capital deficiency	**(₱410,090,147)**	(₱385,719,422)
Group's carrying amount of the investment	**₱53,512,844**	₱53,668,685

As of December 31, 2021 and 2020, the Group's share in EWRTC's capital deficiency amounted to ₱136.7 million and ₱128.6 million, respectively. As of December 31, 2021 and 2020, the excess of the carrying value over the Group's share in EWRTC's net assets is attributable to the notional goodwill and translation adjustment.

	2021	2020	2019
Revenue	**₱–**	₱–	₱669
Costs and expenses	**467,574**	242,903	392,680
Net loss	**₱467,574**	₱242,903	₱392,011

11. **Investment Properties**

The Group's investment properties as at December 31 are classified as follows:

	2021	2020
Land held for capital appreciation	**₱301,162,532**	₱95,523,877
Land and building held for lease	**148,239,782**	1,610,064
	₱449,402,314	₱97,133,941

The fair values of investment properties as of December 31, 2021 and 2020 amounted to ₱752.8 million and ₱400.6 million, respectively.

The value of the land was arrived at using the Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. This valuation approach are categorized as Level 3 in the fair value hierarchy as at December 31, 2021 and 2020. The significant unobservable input to the valuation is the price per square meter.

For land, significant increases or decreases in estimated price per square meter in isolation would result in a significantly higher or lower fair value on a linear basis.

The fair value of the building was arrived using the Cost Approach. This is a comparative approach that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay.

For buildings, significant increases or decreases in the replacement and reproduction costs, in isolation, would result in a significantly higher or lower fair value of the properties.

The details of land held for capital appreciation are as follows:

	2021	2020
Cost:		
Balances at beginning of year	**₱95,523,877**	₱95,523,877
Additions	**205,638,655**	–
Net carrying value	**₱301,162,532**	₱95,523,877

Land and building held for lease for 2021 and 2020 are as follows:

	2021			
	Land	**Building**	**Land Improvements**	**Total**
Cost:				
Balances at beginning of year	**₱1,610,064**	**₱7,142,747**	**₱–**	**₱8,752,811**
Transfers from real estate inventories (Note 6)	**62,298,696**	**–**	**87,238,988**	**149,537,684**
Balances at end of year	**63,908,760**	**7,142,747**	**87,238,988**	**158,290,495**
Accumulated depreciation:				
Balances at beginning of year	**–**	**7,142,747**	**–**	**7,142,747**
Depreciation (Note 18)	–	**–**	**2,907,966**	**2,907,966**
Balances at end of year	–	**7,142,747**	**2,907,966**	**10,050,713**
	₱63,908,760	**₱–**	**₱84,331,022**	**₱148,239,782**

	2020			
	Land	Building	Land Improvements	Total
Cost:				
Balances at beginning and end of year	₱1,610,064	₱7,142,747	₱–	₱8,752,811
Accumulated depreciation:				
Balances at beginning and end of year	–	7,142,747	–	7,142,747
	₱1,610,064	₱–	₱–	₱1,610,064

Rental income generated from land held under lease included under "Other income" in the consolidated statements of comprehensive income amounted to ₱0.1 million and nil in 2021 and 2020, respectively (see Note 23). Direct operating expense related to land held for lease included under "General, administrative and selling expenses" in the consolidated statements of comprehensive income amounted to ₱2.9 million and ₱0.1 million in 2021 and 2020, respectively.

12. Property, Plant and Equipment

2021	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Right of Use Assets	Construction in Progress	Total
Cost										
At January 1	₱12,967,297	₱65,501,304	₱365,240,359	₱253,060,820	₱56,581,732	₱295,385,277	₱195,226,066	₱30,535,735	₱115,836,909	₱1,390,335,499
Additions	–	–	636,749	–	–	3,007,975	17,446,503	–	48,273,213	69,364,440
Disposals	–	–	–	–	–	–	(1,437,430)	–	–	(1,437,430)
Reclassifications	–	–	–	–	–	(22,593,894)	22,593,894	–	–	–
At December 31	12,967,297	65,501,304	365,877,108	253,060,820	56,581,732	275,799,358	233,829,033	30,535,735	164,110,122	1,458,262,509
Accumulated depreciation										
At January 1	–	16,534,870	11,667,740	24,277,451	47,873,665	181,214,743	130,081,298	2,475,390	–	414,125,157
Depreciation	–	6,530,983	116,866	10,526,270	825,708	7,416,734	18,969,398	60,587	–	44,446,546
Disposals	–	–	–	–	–	–	(268,723)	–	–	(268,723)
At December 31	–	23,065,853	11,784,606	34,803,721	48,699,373	188,631,477	148,781,973	2,535,977	–	458,302,980
Allowance for impairment										
At January 1	–	–	49,603,598	–	–	–	–	–	14,095,856	63,699,454
Addition	–	–	15,126,334	–	–	–	–	–	–	15,126,334
At December 31	–	–	64,729,932	–	–	–	–	–	14,095,856	78,825,788
Net Book Value	₱12,967,297	₱42,435,451	₱289,362,570	₱218,257,099	₱7,882,359	₱87,167,881	₱85,047,060	₱27,999,758	₱150,014,266	₱921,133,741

2020	Land	Leasehold Improvements	Bearer Plants	RBD and Fractionation Machineries	Building and Improvements	Machineries and Equipment	Other Equipment	Right of Use Assets	Construction in Progress	Total
Cost										
At January 1	₱12,967,297	₱65,497,525	₱364,603,609	₱253,060,820	₱55,868,097	₱289,743,031	₱178,753,951	₱30,535,735	₱38,022,992	₱1,289,053,057
Additions	–	3,779	636,750	–	–	5,642,246	16,891,757	–	–	23,174,532
Acquisition through business combination (Note 21)	–	–	–	–	–	–	–	–	78,527,552	78,527,552
Disposals	–	–	–	–	–	–	(419,642)	–	–	(419,642)
Reclassifications	–	–	–	–	713,635	–	–	–	(713,635)	–
At December 31	12,967,297	65,501,304	365,240,359	253,060,820	56,581,732	295,385,277	195,226,066	30,535,735	115,836,909	1,390,335,499
Accumulated depreciation										
At January 1	–	10,004,644	11,627,993	13,957,366	47,036,301	173,125,312	117,182,658	1,237,695	–	374,171,969
Depreciation	–	6,530,226	39,747	10,320,085	837,364	8,089,431	13,022,201	1,237,695	–	40,076,749
Disposals	–	–	–	–	–	–	(123,561)	–	–	(123,561)
At December 31	–	16,534,870	11,667,740	24,277,451	47,873,665	181,214,743	130,081,298	2,475,390	–	414,125,157
Allowance for impairment										
At January 1	–	–	34,477,264	–	–	–	–	–	–	34,477,264
Addition	–	–	15,126,334	–	–	–	–	–	14,095,856	29,222,190
At December 31	–	–	49,603,598	–	–	–	–	–	14,095,856	63,699,454
Net Book Value	₱12,967,297	₱48,966,434	₱303,969,021	₱228,783,369	₱8,708,067	₱114,170,534	₱65,144,768	₱28,060,345	₱101,741,053	₱912,510,888

There are no contractual commitments to purchase property and equipment.

The depreciation from property, plant and equipment in 2021 and 2020 are recognized as:

	2021	2020
General, administrative and selling expense (Note 18)	**₱30,277,137**	₱28,371,189
Real estate inventories (Note 6)	**12,425,583**	9,183,103
Other inventories (Note 7)	**1,107,078**	1,885,757
Bearer plants	**636,749**	636,750
	₱44,446,547	₱40,076,799

In 2021 and 2020, the Group has assessed that its bearer plants have indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages. In 2021 and 2020, the Group recognized impairment loss of ₱15.1 million to account for the estimated fruit loss due to some trees not reaching the optimal fruiting stages in accordance with the industry standard yield.

Other than the impairment loss due to the bearer plans inability to reach optimal fruiting stagest, no additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of December 31, 2021 and 2020. The recoverable amount was computed using discounted cash flows approach.

The calculation of value in use of the bearer plants are most sensitive to the following assumptions:

- Revenue - Projected revenue is derived by multiplying the forecasted selling price of FFB per metric ton (MT) to total projected FFB production considering management's best estimates on the future FFB prices and FFB production level considering factors such as the annual growth rate based on average values achieved in the three years preceding the beginning of the budget period, palm oil yields adjusted to the Philippine climate and setting, historical experiences and other economic and agricultural factors.

  Projected FFB yield per hectare (ha.) used was 9.0 MT per ha. and 11.1 MT per ha. in 2021 and 2020, respectively. Forecasted FFB selling price per MT used was ₱4,000 per MT and ₱3,545.5 per MT with annual growth rate of 5.4% and 5.78% in 2021 and 2020, respectively.

- Direct costs and price inflation - Projected costs are based on the Group's historical experience of the plantation costs incurred (fertilizers, labor and other plantation supplies) per hectare adjusted for inflation based on projected increase in prices with reference to the Philippine market. Forecast figures are used if data is publicly available, otherwise past actual material price movements are used as an indicator of future price movement. Management has considered the possibility of greater-than-forecast increases in price inflation. This may occur if anticipated regulatory changes result in an increase in demand that cannot be met by suppliers.

  Projected direct costs related to the plantation in terms of revenue is 39.19% and 42.68% in 2021 and 2020, respectively.

- Discount rate - Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and risk of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital

(WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

After-tax discount rate used was 9.27% and 9.05% in 2021 and 2020, respectively.

Management have reflected future economic uncertainty in the risk-adjusted cash flows, giving a more accurate representation of the risks specific to the CGU.

In 2021 and 2020, the Group sold property and equipment for ₱1.5 million and ₱0.6 million resulting in a loss of ₱0.3 million and loss of ₱0.2 million, respectively recognized under "Other income" in the consolidated statements of comprehensive income (see Note 23).

13. Accounts and Other Payables

	2021	2020
Trade payables	**₱474,740,424**	₱413,701,602
Accrued expenses	**197,008,429**	149,288,603
Retention payable	**38,407,226**	33,028,041
Statutory payables	**27,076,973**	30,436,046
Accrued interest payable (Notes 16 and 26)	**2,883,267**	2,156,665
	₱740,116,319	₱628,610,957

Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Accrued expenses pertain to contractual services, professional fees, rentals and other recurring expenses incurred by the Group.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Group on contractor's billings to be settled upon completion of the relevant contracts within the year. The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Statutory payables pertain to dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and withholding taxes. These are noninterest-bearing and are normally settled within one year.

Accrued interest payable is normally settled within 30 days.

14. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.

The Group requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the consolidated statements of financial position.

When the Group's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are recorded as either ICR or contract asset depending on the right to demand collection. The excess of collections over the recognized revenue is applied against the receivables or contract assets in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Group's contract assets and liabilities as at December 31, 2021 and 2020 are as follows:

	2021	2020
Current portion of contract assets	**₱185,102,035**	₱76,301,227
Noncurrent portion of contract assets	**484,925,421**	20,563,963
Contract assets	**₱670,027,456**	₱96,865,190
Contract liabilities	**₱169,402,619**	₱168,966,097

The amount of revenue recognized in 2021 and 2020 from amounts included in contract liabilities at the beginning of the year amounted to ₱140.8 million and ₱40.4 million, respectively.

15. Related Party 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 exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control or common significant influence which include affiliates. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. Related parties may be individuals or corporate entities.

Material related party transactions refer to any related party transactions, either individually, or in aggregate, amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements.

The Group, in the normal course of business has significant transactions with related parties, which principally consist of the following:

- Loans by the Group from shareholders (see Note 16).

  Shareholder Loan - A
  As of December 31, 2021 and 2020, the Group has outstanding loan from shareholder, which is classified under "Long term debt" in the consolidated statements of financial position amounting to ₱240.4 million and ₱293.4 million, respectively.

  On January 13, 2019, the Group signed into an agreement with the shareholder to restructure the remaining balance of its original short-term loan amounting to ₱369.0 million to be paid in equal monthly amortization payments to commence on January 13, 2019 until December 13, 2030. The loan bears a fixed annual interest rate of 6.00%.

Shareholder Loan - B
As of December 31, 2021 and 2020, ABERDI has outstanding loan from shareholder, which is classified under "Short-term debt" in the consolidated statements of financial position amounting to ₱8.0 million, being on demand and noninterest-bearing.

- Noninterest-bearing cash advances to the Group's associates, PEI and EWRTC.

- Interest-bearing loan from Brown Resources Corporation (BRC), an affiliate of the Group.

- Advances to officers and employees pertain to salary and other loans granted to the Parent Company's officers and employees that are collectible through salary deduction. These are noninterest-bearing and are due within one (1) year.

The consolidated statements of financial position include the following amounts resulting from the above transactions with related parties:

		2021		
Category	**Amount**	**Receivable (Payable)**	**Terms**	**Conditions**
Shareholders				
Short-term debt (see Note 16):				
Shareholder Loan - B	**₱–**	**(₱8,000,000)**	**On demand; non-interest bearing**	**Unsecured; no collateral**
Long-term debt (see Note 16):				
Shareholder Loan – A				
Principal and interest payments	**(53,040,950)**	**–**	**12-year, 6.00% interest-bearing**	**Unsecured; no collateral**
Current	**–**	**(56,312,400)**		
Noncurrent	**–**	**(184,091,664)**		
BRC				
Principal payments	**(947,277)**	**–**	**2-year, 6.00% interest-bearing**	**Unsecured; no collateral**
Interest payments	**(31,066)**	**–**		
	₱	**₱240,404,064**		
Associates				
Advances to*:				
PEI	**₱–**	**₱80,642,964**	**On demand; non-interest bearing**	**Unsecured; no impairment**
EWRTC	**8,619,349**	**45,667,310**		
	₱	**₱126,310,274**		

* *Presented as "Receivables from related parties" in the consolidated statements of financial position.*

		2020		
Category	Amount	Receivable (Payable)	Terms	Conditions
Shareholders				
Short-term debt (see Note 16):				
Shareholder Loan - B	₱–	(₱8,000,000)	On demand; non-interest bearing	Unsecured; no collateral
Long-term debt (see Note 16):				
Shareholder Loan – A				
Principal and interest payments	(24,200,000)	–	12-year, 6.00% interest-bearing	Unsecured; no collateral
Current	–	(32,558,172)		
Noncurrent	–	(260,886,842)		

(Forward)

		2020		
Category	Amount	Receivable (Payable)	Terms	Conditions
Shareholders				
BRC				
Proceeds	₱1,400,000	₱–	2-year, 6.00%	Unsecured;
Principal payments	(452,773)	–	interest-bearing	no collateral
Interest payments	(36,373)	–		
Current	–	(947,227)		
	₱	(₱294,392,241)		
Associates				
Advances to*:				
PEI	₱–	₱80,642,965	On demand; non-	Unsecured;
EWRTC	3,206,362	37,047,960	interest bearing	no impairment
	₱	₱117,690,925		

* *Presented as "Receivables from related parties" in the consolidated statements of financial position.*

Terms and Conditions of Transactions with Related Parties
The outstanding accounts with related parties, except for the advances to key management personnel, shall be settled in cash. There have been no guarantees provided or received for any related party receivables or payables. These accounts are generally unsecured. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. The Group has approval process and established limits when entering into material related party transactions.

The compensation of the key management personnel, included as part of salaries, wages and employee benefits under "General and administrative expenses" in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Short-term employee benefits	**₱31,379,838**	₱25,912,552	₱44,005,303
Other employee benefits	**–**	1,200,000	4,172,862
	₱31,379,838	₱27,112,552	₱48,178,165

Key management personnel of the Group include all directors and senior management.

16. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Group's real estate development projects, working capital requirements and for general corporate purposes.

The Parent Company entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), United Coconut Planters Bank (UCPB), China Bank Corporation (CBC), BPI Family Savings Bank (BPIF) and Philippine Bank of Communication (PBCOM). The Parent Company also entered into loan agreements from a financial services company, Caterpillar Financial Services Phils. Inc. (CFSPI), and from a shareholder.

Short-term debt
Short-term debt represents peso loans obtained from local banks and shareholder for working capital and financing requirements. These loans, except loan from shareholder, bear annual interest rates ranging from 5.5% to 8.5% and 4.5% to 9.0% in 2021 and 2020, respectively, subject to semi-annual

and quarterly repricing and are due at various dates within the following year from the reporting date. Loan from shareholder is on demand and noninterest-bearing.

	2021	2020
DBP	**₱174,936,500**	₱173,668,000
UBP	**100,000,000**	100,000,000
CBC	**95,000,000**	100,000,000
PBCOM	**39,600,000**	–
UCPB	**25,924,520**	32,509,400
Shareholder Loan - B (Note 15)	**8,000,000**	8,000,000
	₱443,461,020	₱414,177,400

Interest expense arising from these loans amounts to ₱26.4 million and ₱28.0 million in 2021 and 2020, respectively.

Long-term debt
The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Parent Company's real estate projects and for general corporate purposes.

	2021	2020
UBP	**₱468,500,000**	₱298,055,556
DBP	**260,000,000**	3,823,984
Shareholder Loan - A (Note 15)	**240,404,064**	293,445,014
UCPB	**46,976,000**	87,000,000
CBC	**26,863,833**	23,824,911
BPIF	**6,415,428**	31,475,181
CFSPI	**3,295,684**	4,833,211
MBI	–	40,000,000
PBCOM	–	37,451,484
BRC (Note 15)	–	947,227
	1,052,455,009	820,856,568
Less current portion	**201,643,018**	254,200,759
	₱850,811,991	₱566,655,809

Loans from UBP
Loans from UBP are comprised of loans subject to fixed and variable interest rates which are payable in monthly installments and secured by real estate mortgage. Fixed-rate loans have annual interest rate of 9.10% payable for 3 years. Variable-rate loans are subject to variable interest rates based on benchmark rates plus 0.5% subject to a floor rate of 6.5% payable for 5 years.

Loan from DBP
This loan is payable in quarterly installments for 6 years secured by real estate mortgage which is subject to a fixed annual interest rate of 6.0%.

Shareholder Loan - A (modified)
On January 13, 2019, the Parent Company signed into an agreement with the shareholder to restructure the remaining balance of its original short-term loan amounting to ₱369.0 million to be paid in equal monthly amortization payments to commence on January 13, 2019 until December 13, 2030. This loan is now payable in monthly installments for 12 years, unsecured and subject to a fixed annual interest rate of 6.0% (see Note 15).

Loans from UCPB
These loans are payable in monthly installments for 4 years secured by real estate mortgage which are subject to variable interest rates ranging from 7.00% to 8.5% and 8.00% to 8.20% in 2021 and 2020, respectively.

Loans from CBC
These loans are payable in monthly installments for 2 to 5 years pertaining to secured car loans subject to fixed annual interest rates ranging from 6.00% to 10.51%.

Loans from BPIF
These loans are payable in quarterly installments and secured by real estate mortgage. Fixed-rate loan has annual interest rates of 5.5% payable for 7 years. Variable-rate loans are subject to variable interest rates ranging from 5.23% to 7.75% payable for 7 to 10 years based on prevailing market interest rate for the same or similar type of loans as determined by the bank.

Loan from CFSPI
This loan is payable in monthly installments for 3 years, unsecured, and subject to a fixed annual interest rate of 11%.

Loan from MBI
The loan was payable in quarterly installments for 3 years, secured by real estate mortgage and was subject to a fixed annual interest rate of 8.00%. In 2021, the Group fully settled the loan.

Loans from PBCOM
These loans were payable in monthly installments and secured by real estate mortgage. Fixed-rate loan had an annual interest rate of 11.50% payable for 5 years. Variable-rate loans were subject to variable interest rates ranging from 8.00% to 10.75% payable for 4 years based on prevailing market interest rate for the same or similar type of loans as determined by the bank. In 2021, the Group fully repaid the loans.

Loans from BRC
The loan was payable in monthly installments for 2 years, unsecured, and subject to a fixed annual interest rate of 6% (see Note 15). In 2021, the Group fully settled the loan.

Borrowing Cost
Total interest expense arising from long-term loans and from those due to related parties amounted to ₱62.0 million and ₱33.4 million in 2021 and 2020, respectively. In 2021 and 2020, borrowing costs amounting to ₱61.7 million and ₱36.2 million, respectively, are capitalized as part of real estate inventories (see Note 6). The capitalization rate used to determine the borrowing costs eligible for capitalization is 6.55% and 3.57% for 2021 and 2020, respectively.

Interest expense (excluding capitalized borrowing costs) recognized in the consolidated statements of comprehensive income amounts to ₱26.7 million and ₱25.2 million in 2021 and 2020, respectively.

Repayment Schedule
The repayment schedule of the long-term debt follows:

Year	**2021**	2020
2021	**₱–**	₱254,200,759
2022	**201,643,018**	123,316,509
2023 – 2030	**850,811,991**	443,339,300
	₱1,052,455,009	₱820,856,568

Security and Debt Covenants
Real estate inventories with carrying amounts of ₱474.2 million and ₱236.7 million as of December 31, 2021 and 2020, respectively, are collateralized for its loans payable (see Note 6).

The Group is not subject to any financial covenants from its short-term and long-term debts.

17. Equity

Common Stock
As of December 31, 2021 and 2020, the Group's common stock consists of:

	2021	2020
Common		
Authorized shares	**3,250,000,000**	3,300,000,000
Par value per share	**₱1.00**	₱1.00
Issued shares	**2,477,668,925**	2,477,668,925
Outstanding shares	**2,398,912,911**	2,452,004,911
Value of shares issued	**₱2,477,668,925**	₱2,477,668,925

On October 12, 2017, the BOD approved the conversion of the Group's debt to Brownfield Holdings Incorporated amounting to ₱250.0 million and deposits for future subscription of Valueleases, Inc. and RME Consulting, Inc. amounting to ₱200.0 million to equity at ₱1.13 per share resulting to increase the number of issued shares by 398.0 million shares.

On May 19, 2016, the Parent Company declared 20% stock dividends amounting to 346.6 million shares for the stockholders of record as of February 10, 2017 and distributed 346.6 million shares net of 803 fractional shares to the stockholders.

These stock transactions resulted to an increase in the Group's authorized and subscribed shares of capital stock of 1,300.0 million and 744.8 million common shares, respectively.

Preferred Stock
On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation (AOI) of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250.0 million common shares with a par value of ₱1.00 per share; and (ii) 50.0 million preferred shares with a par value of ₱1.00 per share. The amendment of AOI was approved by the shareholders representing at least 2/3 of the outstanding capital stock during the Annual Stockholders' Meeting on June 24, 2021.

On May 25, 2021, the BOD authorized the shelf registration of 50 million preferred shares, and the offer and sale of up to 15.0 million preferred shares at an offer price of ₱100.00 per share.

On October 5, 2021, the SEC approved the Parent Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3,300.0 million common shares to 3,250.0 million common shares and 50.0 million preferred shares.

On November 10, 2021, the Parent Company secured the approval from PSE for the shelf-listing of up to 50.0 million preferred shares and the follow-on public offer of up to 15.0 million preferred shares.

On November 12, 2021, the Parent Company secured the approval from SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable “Series A” preferred shares at the option of the Parent Company. The “Series A” preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, May 29, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1,326.5 million as new capital.

The details of the Parent Company’s preferred stock as at December 31, 2021 follow:

Authorized shares	50,000,000
Par value per share	₱1.00
Issued shares	13,264,900
Outstanding shares	13,264,900
Value of shares issued	₱13,264,900

Record of Registration of Securities with the SEC

Common Stock
The Securities and Exchange Commission (SEC) issued the following orders related to the Group's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.50 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There were 2,089 and 2,090 common stockholders as of December 31, 2021 and 2020, respectively in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.79 on December 31, 2021 and ₱0.90 on December 29, 2020.

Preferred Stock
The SEC issued the following orders related to the Group’s registration and issuance of its "Series A" preferred shares securities which are offered to the public: (1) SEC MSRD Order No. 76 s. 2021 (“Order of Registration”) for the shelf registration of up to 50.0 million cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual preferred shares; and (2) Permit to Offer Securities for Sale (“Permit to Sell”) covering the Initial Offer Shares dated November 12, 2021.

On November 29, 2021, there were 13,264,900 “Series A” preferred shares that were issued and listed in the PSE with “BRNP” as its ticker symbol.

As of December 31, 2021, there were three (3) registered “Series A” preferred stockholders in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱105.00 on December 31, 2021.

Additional Paid-In Capital (APIC)
APIC pertains to the excess proceeds over the par value of the issued shares. APIC for common shares amounted to ₱638.0 million as of December 31, 2021 and 2020.

In 2021, the Group has recognized APIC for preferred shares for the excess proceeds of subscriptions over the par value amounting to ₱1,313.2 million in relation to the issuance of preferred shares by the Parent Company. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to ₱20.0 million, net of income tax benefit.

As of December 31, 2021, APIC on preferred shares amounted to ₱1,293.2 million.

Treasury Shares
In 2016, the Group has acquired all of the unissued fractional common shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.00.

On August 17, 2020, the BOD of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company's common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.

As of December 31, 2021, the Parent Company has bought back from the market a total of 78,756,014 common shares or ₱70.6 million. These treasury shares are recorded at cost and are not entitled for dividends.

The movement in the Parent Company's treasury shares follows:

	2021		2020	
	Common Shares	**Amount**	Common Shares	Amount
At January 1	**25,664,014**	**₱21,236,419**	1,014	₱1,014
Additions	**53,092,000**	**49,381,828**	25,663,000	21,235,405
At December 31	**78,756,014**	**₱70,618,247**	25,664,014	₱21,236,419

Retained Earnings
Retained earnings amounting to ₱1,834.8 million and ₱1,437.2 million as of December 31, 2021 and December 31, 2020, respectively, include the accumulated equity in undistributed net earnings of consolidated subsidiaries. These amounts are not available for dividend declaration until these are declared by the subsidiaries.

Noncontrolling Interest
The Group's noncontrolling interest recognized is the proportionate interests of the Parent Company in MCPI. Noncontrolling interest amounted to ₱3.3 million as of December 31, 2021 and 2020.

The summarized financial information of MCPI are provided below.

	2021	2020	2019
Assets	**₱6,786,904**	₱6,788,403	₱6,839,725
Liabilities	**160,291**	108,653	59,359
Equity	**6,626,613**	6,679,750	6,780,366
Net loss	**53,136**	100,617	75,481

The accumulated balances of and net income attributable to noncontrolling interests follow:

	2021	2020	2019
Accumulated balances:			
Noncontrolling interest share in equity	**₱3,286,953**	₱3,316,303	₱3,342,671
Net loss attributable to NCI	**29,350**	26,368	152,508

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains strong and healthy consolidated statements of financial position to support its current business operations and drive its expansion and growth in the future.

The Group undertakes to establish the appropriate capital structure for each business line, to allow it sufficient financial flexibility, while providing it sufficient cushion to absorb cyclical industry risks.

The Group considers debt as a stable source of funding. The Group attempts to continually lengthen the maturity profile of its debt portfolio and makes it a goal to spread out its debt maturities by not having a significant percentage of its total debt maturing in a single year.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. It monitors capital using leverage ratios on both a gross debt and net debt basis.

The Group is not subject to externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital in 2021 and 2020.

The table below pertains to the account balances the Group considers as its core economic capital:

	2021	2020
Short-term debt	**₱443,461,020**	₱414,177,400
Long-term debt	**1,052,455,009**	820,856,568
Common stock	**2,477,668,925**	2,477,668,925
Preferred stock	**13,264,900**	–
Additional paid-in capital	**1,931,178,758**	637,968,859
Treasury shares	**(70,618,247)**	(21,236,419)
Retained earnings	**1,834,803,085**	1,437,223,304
	₱7,682,213,450	₱5,766,658,637

Earnings Per Share
Earnings per share amounts attributable to equity holders of the Parent Company are as follows:

	2021	2020	2019
Net income attributable to the common shareholders of the Parent Company*	**₱389,841,923**	₱294,130,474	₱494,945,733
Weighted average number of outstanding common shares**	**2,418,299,636**	2,468,708,146	2,477,667,911
Basic and diluted earnings per share	**₱0.16**	₱0.12	₱0.20

**Adjusted to the cumulative preferred dividends in 2021 amounting to 7.7 million*
***Weighted average common shares considering the effect of treasury shares*

Earnings per share are calculated using the consolidated net income attributable to the common shareholders of the Parent Company divided by the weighted average number of outstanding common shares.

18. General, Administrative and Selling Expenses

	2021	2020	2019
Personnel cost	**₱67,941,544**	₱74,696,992	₱83,069,166
Marketing (Note 27)	**51,041,808**	39,966,109	51,226,497
Depreciation (Notes 11 and 12)	**33,242,620**	27,774,186	25,015,142
Taxes and licenses	**24,442,769**	26,230,240	25,465,859
Transportation and travel	**19,726,274**	1,671,949	6,619,671
Impairment loss (Notes 8 and 12)	**16,831,710**	29,410,454	21,957,000
Outside services	**14,825,061**	14,952,302	10,998,341
Professional fees	**11,437,891**	6,908,507	10,250,175
Rental (Note 22)	**8,283,589**	8,598,659	13,361,982
Retirement benefits (Note 19)	**7,773,386**	7,348,507	5,103,421
Utilities and supplies	**6,628,994**	8,517,710	8,840,293
Repairs and maintenance	**4,144,863**	3,532,932	4,524,947
Provision for expected credit loss (Note 5)	**1,833,250**	3,786,480	–
Insurance	**844,381**	320,468	541,762
Directors' fee	**818,000**	1,519,000	940,647
Provision for inventory losses (Note 7)	**–**	1,983,704	–
Others	**14,721,786**	16,167,477	19,244,293
	₱284,537,926	₱273,385,676	₱287,159,196

Marketing expenses significantly include amortization of the costs to obtain contracts on real estate sales and advertising expenses incurred by the Group.

"Others" includes notarization, insurance, bank charges, and expenses arising from business and research development and software maintenance.

19. Retirement Benefit Obligation

The Group has a funded non-contributory retirement plan covering all regular and full-time employees effective July 1, 2002 (anniversary date was amended to take effect every January 1, retroactive 2003). Benefits are dependent on the years of service and the respective employee's compensation.

The defined benefit obligation is determined using the Projected Unit Credit method. There was no plan of termination, curtailment or settlement for the years ended December 31, 2021 and 2020.

Responsibilities of Trustee

The retirement fund is being administered and managed through a Multi-Employer Retirement Plan (the "Plan") by a trustee bank. The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Plan and the management of the retirement fund.

The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the retirement fund, an independent accountant to audit the fund, and an actuary to value the retirement fund.

The following tables summarize the components of retirement benefit costs recognized in the consolidated statements of comprehensive income and the amounts recognized in the consolidated statements of financial position.

The components of retirement benefit expense recognized as retirement benefits under "General, administrative and selling expenses" in the consolidated statements of comprehensive income are as follows (see Note 18):

	2021	2020	2019
Current service cost	**₱5,327,848**	₱4,551,380	₱2,576,138
Interest expense on defined benefit obligation	**2,570,218**	2,985,814	3,083,098
Interest income on plan assets	**(124,680)**	(188,687)	(555,815)
Total retirement benefit expense	**₱7,773,386**	₱7,348,507	₱5,103,421

The components of remeasurements of retirement benefit costs recognized in OCI are as follows:

	2021	2020	2019
Actuarial loss on defined benefit obligation	**₱248,976**	₱7,372,807	₱9,986,687
Remeasurement loss on plan assets	**6,116**	69,890	4,368,302
Income tax effect	**1,701,640**	(2,232,808)	(4,306,497)
Remeasurement loss at end of year	**₱1,956,732**	₱5,209,889	₱10,048,492

Remeasurement loss on defined benefit obligation recognized in the consolidated statements of financial position are as follows:

	2021	2020
At January 1	**₱25,293,809**	₱20,083,920
Actuarial loss on defined benefit obligation	**248,976**	7,372,807
Actuarial loss on fair value of plan assets	**6,116**	69,890
Income tax effect	**1,701,640**	(2,232,808)
At December 31	**₱27,250,541**	₱25,293,809

The breakdown of the retirement benefit obligation recognized in the consolidated statements of financial position follow:

	2021	2020
Present value of defined benefit obligation	**₱72,109,434**	₱64,512,392
Fair value of plan assets	**(2,911,000)**	(3,342,436)
Retirement benefit obligation	**₱69,198,434**	₱61,169,956

Changes in the present value of the defined benefit obligation follow:

	2021	2020
Balance at beginning of year	**₱64,512,392**	₱49,784,641
Current service cost	**5,327,848**	4,551,380
Interest cost	**2,570,218**	2,985,814
Benefits paid	**(550,000)**	(182,250)
Actuarial losses	**248,976**	7,372,807
Balance at end of year	**₱72,109,434**	₱64,512,392

Changes in the fair value of plan assets follow:

	2021	2020
Balance at beginning of year	**₱3,342,436**	₱3,405,889
Interest income	**124,680**	188,687
Actuarial losses	**(6,116)**	(69,890)
Benefits paid	**(550,000)**	(182,250)
Balance at end of year	**₱2,911,000**	₱3,342,436

The fair values of plan assets by each class as of December 31 are as follows:

	2021	2020
Equity investments	**₱2,470,676**	₱2,795,207
Deposits in banks	**426,098**	549,963
Debt instruments	**20,646**	30,173
Others	**(6,420)**	(32,907)
Balance at end of year	**₱2,911,000**	₱3,342,436

For determination of the retirement benefit obligation, the following actuarial assumptions were used:

	2021	2020
Discount rates used	**3.92%**	3.92%
Expected rate of salary increases	**4.00%**	4.00%

Assumptions regarding future mortality and disability are based on the 2001 CSO table-Generational and The Disability Study, Period 2, Benefit 5, respectively.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021, assuming all other assumptions were held constant.

		Effect
100 bps increase in discount rate	2.3% to 6.0% decrease	(₱1,798,784)
100 bps decrease in discount rate	2.6% to 6.6% increase	1,972,338
100 bps increase in salary rate	2.6% increase	1,982,962
100 bps decrease in salary rate	2.4% decrease	(1,841,132)
Increase in DBO, no attrition rates	2.1% increase	1,875,808

The average duration of the defined benefit obligation as at December 31, 2021 and 2020 is 13.2 years. The Group expects to contribute to the plan assets amounting to ₱6.0 million in 2022.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2021.

	Amount
Less than 1 year	₱31,036,162
1 to less than 5 years	10,988,506
5 to less than 10 years	31,505,673
10 to less than 15 years	22,604,991
15 to less than 20 years	37,717,802
20 years and above	₱57,346,459

20. Income Taxes

Provision for (benefit from) current income tax pertains to regular corporate income tax (RCIT) and minimum corporate income tax (MCIT) as follows:

	2021	2020	2019
RCIT	**(₱2,463,465)**	₱48,574,958	₱36,444,856
MCIT	**54,874**	379,098	304,879
	(₱2,408,591)	₱48,954,056	₱36,749,735

The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax reported in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Provision for income tax computed at statutory rate	**₱105,206,999**	₱103,777,343	₱187,915,473
Adjustments for:			
Equity in net earnings of associates	**(68,374,584)**	(52,766,682)	(114,091,149)
CREATE impact	**(32,834,710)**	–	–
Nondeductible expenses	**11,168,733**	3,145,489	5,311,675
Change in unrecognized deferred tax assets	**8,199,620**	1,442,146	27,765,665
Interest income already subjected to final tax	**(88,492)**	(34,492)	(44,239)
Realized gain on sale of EIFVPL already subjected to final tax	**–**	(3,743,433)	–
Nondeductible unrealized loss on EIFVPL	**–**	–	13,054,169
Nondeductible realized loss on sale of EIFVPL	**–**	–	9,628,444
Expired net operating loss carry-over (NOLCO)	**–**	–	2,051,648
	₱23,277,566	₱51,820,371	₱131,591,686

The components of net deferred tax liabilities as of December 31, 2021 and 2020 follow:

	2021	2020
Deferred tax liabilities on:		
Excess of real estate sales based on POC over real estate sales based on tax rules	**(₱244,414,568)**	(₱183,532,768)
Prepaid commission	**(3,182,930)**	(4,801,593)
Unrealized foreign exchange gain	**(7,517)**	–
	(247,605,015)	(188,334,361)
Deferred tax assets on:		
NOLCO	**32,996,584**	–
Fair value adjustment arising from business combination	**13,301,338**	15,961,606
Retirement benefit liability	**8,782,346**	8,421,518
MCIT	**1,386,523**	–
Allowance for impairment on receivables	**698,549**	838,259
Unamortized past service costs	**–**	86,805
Unrealized foreign exchange loss	**–**	11,249
	57,165,340	25,319,437

(Forward)

	2021	2020
In equity:		
Remeasurement loss on retirement benefit plan	**₱8,384,100**	₱10,059,086
Preferred share issue costs recognized in APIC	**6,671,734**	–
Cumulative translation adjustment	**(1,901,848)**	(1,283,132)
	13,153,986	8,775,954
Deferred tax liabilities - net	**(₱177,285,689)**	(₱154,238,970)

The components of net deferred tax assets as of December 31, 2021 and 2020 follow:

	2021	2020
Deferred tax assets on:		
Allowance for impairment loss on property, plant and equipment	**₱7,981,508**	₱13,657,132
ROU asset	**1,539,537**	988,401
Retirement benefit obligation	**676,928**	619,379
Allowance for impairment on receivables	**824,977**	439,999
	11,022,952	15,704,911
In equity:		
Remeasurement loss on retirement benefit plan	**506,745**	781,552
Deferred tax assets	**₱11,529,697**	₱16,486,463

Unrecognized deferred tax assets
The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized amounting to ₱34.6 million and ₱46.6 million as of December 31, 2021 and 2020, respectively. These come from the following subsidiaries: ABERDI, BAC, PTCHC, ABBWCI, HLPC, SHDI, MCPI, VEC and ISI.

The details of unrecognized deferred tax assets as at December 31, 2021 and 2020 are as follows:

	2021		2020	
	Temporary Difference	**Tax Effect**	Temporary Difference	Tax Effect
NOLCO	**₱135,201,740**	**₱33,800,435**	₱151,686,450	₱45,505,935
Excess MCIT	**840,645**	**840,645**	1,064,896	1,064,896
	₱136,042,385	**₱34,641,080**	₱152,751,346	₱46,570,831

NOLCO. The details of NOLCO are as follow:

Year Incurred	Expiry Date	At December 31, 2020	Addition	Expired	At December 31, 2021
2018	December 31, 2021	₱54,814,014	₱–	(₱54,814,014)	₱–
2019	December 31, 2022	55,285,830	–	–	55,285,830
2020	December 31, 2025	41,586,606	–	–	41,586,606
2021	December 31, 2026	–	197,089,044	–	197,089,044
		₱151,686,450	₱197,089,044	(₱54,814,014)	₱293,961,480

MCIT. The details of excess MCIT are as follow:

Year Incurred	Expiry Date	At December 31, 2020	Addition	Expired	At December 31, 2021
2018	December 31, 2021	₱373,900	₱–	(₱373,900)	₱–
2019	December 31, 2022	304,879	–	–	304,879
2020	December 31, 2023	386,117		–	386,117
2021	December 31, 2024	–	1,536,172	–	1,536,172
		₱1,064,896	₱1,536,172	(₱373,900)	₱2,227,168

Bayanihan to Recover as One Act (Bayanihan 2)
On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan 2 which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the President of the Philippines signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. The Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. The bill was published in a newspaper of general circulation on March 27, 2021, and became effective on April 11, 2021, which is 15 days after its publication.

The key changes to the Philippine tax law pursuant to the CREATE Act which had an impact on the Company is that effective July 1, 2020, the regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020, even though some of the provisions have retroactive effect to July 1, 2020, thus considered as a non-adjusting subsequent event on the December 31, 2020 balances. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of and for the year then ended (i.e., 30% RCIT / 2% minimum corporate income tax (MCIT) for financial reporting purposes.

The approval of the CREATE Act into law on March 26, 2021 is considered a substantive enactment of the Act into law that requires adjustments for financial reporting purposes. Applying the provisions of the CREATE Act to the Philippine-based entities, the applicable new income tax rates (i.e., 25% RCIT / 1% MCIT) were used to calculate for the current and deferred income taxes as at and for the year ended December 31, 2021.

Likewise, the impact on the December 31, 2020 balances had the CREATE Act been substantively enacted as of then, that were adjusted in 2021, are as follows:

Consolidated Statement of Financial Position

	Increase/(Decrease)
Deferred tax liabilities - net	
Attributable to profit and loss	(₱28,710,548)
Attributable to OCI	1,765,415
Creditable withholding tax	₱4,124,162

Consolidated Statement of Comprehensive Income

	Increase/(Decrease)
Provision for income tax - current	(₱4,124,162)
Provision for income tax - deferred	(28,710,548)
Net income	32,834,710
Other comprehensive income	(1,765,415)
Total comprehensive income	₱31,069,295

21. **Business Combination**

Acquisition of VEC
On June 18, 2020, the Parent Company signed a share purchase agreement with Argo Group Pte. Ltd., to acquire Argo Group Pte. Ltd.'s 99.995% ownership interest in VEC for a total consideration of ₱50.2 million pertaining to the transfer of the Parent Company's EIFVPL through a deed of assignment of shares.

The following are the fair values of the identifiable assets and liabilities assumed:

Assets:	
Cash	₱51,507
Receivables	1,674,693
Other current assets	1,537,086
Property and equipment (Note 12)	78,575,418
	81,838,704
Liabilities:	
Trade and other payables	29,009,627
Total net assets acquired	52,829,077
Acquisition cost	(50,170,000)
Gain on bargain purchase	₱2,659,077

Cash flow on acquisition:	
Cash acquired with the subsidiary	₱51,507

The valuation had not been completed by the date the financial statements were approved for issue by the BOD on April 23, 2021. The purchase price allocation resulted in gain on bargain purchase of ₱2.7 million which is presented under "Gain on bargain purchase" in the 2020 consolidated statement of comprehensive income. VEC was sold at a discount since Argo Group Pte. Ltd. is no longer interested in pursuing its liquified natural gas projects and was keen to divest its investment related to such.

The accounting for business combination was determined provisionally in 2020 as allowed by PFRS 3. On June 18, 2021, the Group determined that the provisional amounts are final and that no adjustments shall be made in the consolidated financial statements.

22. Lease Agreements

Group as a Lessor
The Group leased its various properties under operating leases. The term of the lease agreements is for one year and is renewable upon mutual agreement of both parties. The agreements provide that the lessees shall pay for all major and minor repairs, business taxes, and charges for water, light, telephone and other utilities expense. There is no escalation clause and the leases are classified as operating leases.

Rental income from third parties under these operating leases amounted to ₱0.1 million in 2021 and nil in 2020 and 2019, respectively (see Note 23).

Group as a Lessee
In 2021 and 2020, the Group entered into lease agreements with related and non-related parties for its office spaces in Cagayan de Oro City and Metro Manila which have lease terms of 12 months or less and are renewable upon the agreement of both parties. The Group applies the 'short-term lease' recognition exemption for these leases.

There are no other significant restrictions imposed by lease agreements such as those concerning dividends, additional debt and further leasing.

In 2021, 2020 and 2019, rent expense amounted to ₱8.3 million, ₱8.6 million and ₱13.4 million, respectively (see Note 18).

The Group paid advance rentals for the rights to use parcels of land in Impasugong, Kalabugao, Salawaga Tingalan, Opol, Misamis Oriental and Tignapoloan, Cagayan de Oro City and to develop them as palm oil commercial plantations under the Group's development contracts (DC) with KASAMAKA and KMBT identified as contracts containing leases scoped in under PFRS 16. There are no future lease payments related to these lease contracts.

In 2021 and 2020, the movements in the Group's right-of-use asset follows (see Note 12):

	2021	2020
Cost		
Balance at beginning and end of year	**₱30,535,735**	₱30,535,735
Accumulated depreciation		
At January 1	**2,475,390**	1,237,695
Depreciation	**60,587**	1,237,695
At December 31	**2,535,977**	2,475,390
Net book value	**₱27,999,758**	₱28,060,345

23. Other Income - net

	2021	2020	2019
Income from forfeited deposits	**₱12,117,875**	₱2,373,565	₱1,276,766
Tapping fees, transfer fees and other water charges	**4,862,628**	4,349,008	8,361,245
Interest income (Notes 4 and 5)	**2,183,947**	2,045,174	2,741,357
Gain (loss) on sale of property and equipment (Note 12)	**288,867**	(184,474)	3,475,684
Rental income (Notes 11 and 22)	**105,000**	–	–
Dividend income (Note 9)	**7,442**	201,219	–
Gain on sale of investment property	**–**	–	5,138,414
	₱19,565,759	₱8,784,492	₱20,993,466

Income from forfeited deposits pertains to collections from potential buyers deemed nonrefundable due to prescription of the period for entering into a contracted sale and/or payment from defaulting buyers upon prescription of the period for payment of the required amortizations subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*.

24. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVPL, EIFVOCI and refundable deposits included under "Other assets". This also includes financial liabilities comprising accounts and other payables (excluding statutory payables), short-term and long-term debts. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Group's business activities.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Group's overall risk management strategies and for approval of risk strategies and policies under the direction of the Group's BOD.

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.

There were no changes in the Group's financial risk management objectives and policies in 2021 and 2020.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk. The Group's BOD reviews and agrees with policies for managing each of these risks. These are summarized below:

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Group's debt financial assets are not subject to collateral and other credit enhancement except for ICRs. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Group, which comprise cash and due to a related party, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group's maximum exposure to credit risk is equal to the carrying values of its debt financial assets and contract assets except for ICRs as discussed above. The table below shows the credit quality and aging analysis of the Group's financial assets and contract assets:

	2021	2020
Financial assets:		
Cash in banks (Note 4)	**₱1,270,363,094**	₱229,951,733
Receivables (Note 5)	**486,385,603**	1,035,452,340
Receivables from related parties (Note 15)	**126,310,274**	117,690,925
Refundable deposits (Note 8)	**48,759,913**	46,869,053
Contract assets (Notes 14 and 27)	**670,027,456**	96,865,190
	₱2,601,846,340	₱1,526,829,241

The aging analysis per class of financial assets as at December 31 is as follows:

	2021						
		Neither Past	**Past Due But not Impaired**				
	Total	**Due nor Impaired**	**Less than 30 Days**	**30-60 Days**	**61-90 Days**	**More than 90 Days**	**Impaired**
Financial assets:							
Cash in banks	**₱1,270,363,094**	**₱1,270,363,094**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Receivables	**492,479,713**	**405,134,428**	**2,780,662**	**2,313,202**	**1,339,901**	**74,817,410**	**6,094,110**
Receivables from related parties	**126,310,274**	**126,310,274**	–	–	–	–	–
Refundable deposits	**48,759,913**	**48,759,913**	–	–	–	–	–
Contract assets	**670,027,456**	**670,027,456**	–	–	–	–	–
	₱2,607,940,450	**₱2,520,595,165**	**₱2,780,662**	**₱2,313,202**	**₱1,339,901**	**₱74,817,410**	**₱6,094,110**

	2020						
			Past Due But not Impaired				
	Total	Neither Past Due nor Impaired	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days	Impaired
Financial assets:							
Cash in banks	₱229,951,733	₱229,951,733	₱–	₱–	₱–	₱–	₱–
Receivables	1,039,713,200	910,981,080	10,353,194	7,595,720	6,662,291	99,860,055	4,260,860
Receivables from related parties	117,690,925	117,690,925	–	–	–	–	–
Refundable deposits	46,869,053	46,869,053	–	–	–	–	–
Contract assets	96,865,190	96,865,190	–	–	–	–	–
	₱1,531,090,101	₱1,402,357,981	₱10,353,194	₱7,595,720	₱6,662,291	₱99,860,055	₱4,260,860

The following are the details of the Group's assessment of credit quality and the related ECLs as at December 31, 2021 and 2020.

General approach

- *Cash* – These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have low credit risk. Accordingly, management assessed that no ECL relating to the cash of the Group is recognized.

- *Receivables (except ICR and trade receivables), receivables from related parties and refundable deposits* – These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Group is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

Simplified approach

- *ICR and contract assets* – These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Group is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

- *Trade receivables* – These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. Accordingly, management assessed and recognized ECL relating to trade receivables amounting to ₱1.8 million and ₱2.8 million in 2021 and 2020, respectively. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Group evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

	2021				
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Lifetime ECL Simplified Approach**	**Total**
Gross carrying amount	**₱1,583,955,046**	**₱–**	**₱–**	**₱1,023,985,404**	**₱2,607,940,450**
Loss allowance	**–**	**–**	**–**	**(6,094,110)**	**(6,094,110)**
Carrying amount	**₱1,583,955,046**	**₱–**	**₱–**	**₱1,017,891,294**	**₱2,601,846,340**

	2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Lifetime ECL Simplified Approach	Total
Gross carrying amount	₱615,928,540	₱–	₱–	₱915,161,561	₱1,531,090,101
Loss allowance	–	–	–	(4,260,860)	(4,260,860)
Carrying amount	₱615,928,540	₱–	₱–	₱910,900,701	₱1,526,829,241

For financial assets recognized on the consolidated satements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.

Applying the expected credit risk model resulted to recognition of impairment loss of ₱1.8 million and ₱3.8 million from receivables in 2021 and 2020, respectively.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. As part of its liquidity risk management, it regularly evaluates its projected and actual cash flows.

The tables below summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of December 31, 2021 and 2020 based on contractual undiscounted payments:

	2021			
	On Demand	**One Year and Below**	**More than One Year**	**Total**
Financial Assets				
Cash	**₱1,277,986,644**	**₱–**	**₱–**	**₱1,277,986,644**
Receivables	**78,389,003**	**360,997,174**	**46,999,426**	**486,385,603**
EIFVOCI	–	–	**239,411,453**	**239,411,453**
Receivables from related parties	**126,310,274**	–	–	**126,310,274**
Refundable deposits	–	**7,462,263**	**41,297,650**	**48,759,913**
	1,482,685,921	**368,459,437**	**327,708,529**	**2,178,853,887**
Financial Liabilities				
Accounts and other payables*	**309,451,474**	**403,587,873**	–	**713,039,347**
Short-term debt				
Principal	**8,000,000**	**435,461,020**	–	**443,461,020**
Interest	–	**28,091,666**	–	**28,091,666**
Long-term debt				
Principal	–	**201,643,018**	**850,811,991**	**1,052,455,009**
Interest	–	**7,704,967**	**32,510,317**	**40,215,284**
	317,451,474	**1,076,488,544**	**883,322,308**	**2,277,262,326**
Net Inflow (Outflow)	**₱1,165,234,447**	**(₱708,029,107)**	**(₱555,613,779)**	**(₱98,408,439)**

** Excluding statutory payables amounting to ₱27,076,973.*

	2020			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
Cash	₱231,321,649	₱–	₱–	₱231,321,649
Receivables	215,221,143	793,892,742	26,338,455	1,035,452,340
EIFVOCI	–	–	175,587,105	175,587,105
Receivables from related parties	117,690,925	–	–	117,690,925
Refundable deposits	–	7,462,263	39,406,790	46,869,053
	564,233,717	801,355,005	241,332,350	1,606,921,072
Financial Liabilities				
Accounts and other payables*	194,587,038	403,587,873	–	598,174,911
Short-term debt				
Principal	8,000,000	406,177,400	–	414,177,400
Interest	–	26,236,653	–	26,236,653
Long-term debt				
Principal	–	254,200,759	566,655,809	820,856,568
Interest	–	9,713,247	21,652,445	31,365,692
	202,587,038	1,099,915,932	588,308,254	1,890,811,224
Net Inflow (Outflow)	₱361,646,679	(₱298,560,927)	(₱346,975,904)	(₱283,890,152)

** Excluding statutory payables amounting to ₱30,436,046.*

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all variables held constant, of the Group's income before tax and equity, through the impact on floating rate borrowings:

2021		2020	
Increase (decrease) in basis points	**Effect on profit before tax**	Increase (decrease) in basis points	Effect on profit before tax
300	**(₱22,726,558)**	300	(₱12,725,118)
200	**(15,151,039)**	200	(8,483,412)
100	**(7,575,519)**	100	(4,241,706)
(100)	**7,575,519**	(100)	4,241,706
(200)	**15,151,039**	(200)	8,483,412
(300)	**₱22,726,558**	(300)	₱12,725,118

Equity Price Risk. The Group's equity investments in golf and club shares are susceptible to market price risk arising from uncertainties about future values of the investment securities.

As of December 31, 2021, the Group's exposure to equity price risk with respect to EIFVOCI is minimal.

Fair Value of Financial Assets and Liabilities

The following table presents a comparison by category of carrying values and estimated fair values of the Group's financial instruments as at December 31:

	2021		2020	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash	**₱1,277,986,644**	**₱1,277,986,644**	₱231,321,649	₱231,321,649
Receivables	**486,385,603**	**487,588,480**	1,035,452,340	1,035,037,593
Receivables from related parties	**126,310,274**	**126,310,274**	117,690,925	117,690,925
EIFVOCI	**239,411,453**	**239,411,453**	175,587,105	175,587,105
Refundable deposits	**48,759,913**	**48,759,913**	46,869,053	46,869,053
	₱2,178,853,887	**₱2,180,056,764**	₱1,606,921,072	₱1,606,506,325
Financial Liabilities				
Accounts and other payables*	**₱713,039,347**	**₱713,039,347**	₱598,174,911	₱598,174,911
Short-term debt	**443,461,020**	**443,461,020**	414,177,400	414,177,400
Long-term debt	**1,052,455,009**	**1,150,981,511**	820,856,568	897,701,778
	₱2,208,955,376	**₱2,307,481,878**	₱1,833,208,879	₱1,910,054,089

** Excluding statutory payables amounting to ₱27,076,973 and ₱30,436,046 in 2021 and 2020, respectively.*

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

- *Cash, receivables (except ICR), accounts and other payables and short term-debt.* The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.

- *ICR.* The fair value of ICR due within one year approximates its carrying amount. Noncurrent portion of ICR are discounted using the applicable discount rates (Level 3 input).

- *Receivables from related parties.* Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.

- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 2 input).

- *Refundable deposits*. The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.

- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 5.4% to 7.5% in 2021 and 2020. The Group classifies the fair value of its long-term debt under Level 3.

Fair Value Hierarchy

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

25. **Segment Information**

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - Development of land into commercial and residential subdivision, sale of lots and residential houses and the provision of customer financing for sales;
- Agricultural - Development of land for palm oil production and sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.
- Power and utilities - Operating of power plants and/or purchase, generation, production supply and sale of power. However, there was no commercial operations yet as of December 31, 2021.
- Holding - Holding of properties of every kind and description.
- Services - Provide irradiation services for all types of goods. However, there was no commercial operations yet as of December 31, 2021. However, there was no commercial operations yet as of December 31, 2021.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended December 31, 2021, 2020 and 2019, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information about the operations of these operating segments is summarized below (in thousands):

	For the Year Ended December 31, 2021						
	Real Estate Development	**Agricultural**	**Power and Utilities**	**Holding**	**Services**	**Eliminations**	**Consolidated**
Revenue	**₱653,289**	**₱56,980**	**₱–**	**₱–**	**₱–**	**₱–**	**₱710,269**
Costs and expenses	**(229,270)**	**(42,017)**	–	–	–	–	**(271,287)**
Gross profit	**424,019**	**14,963**	–	–	–	–	**438,982**
General, administrative and selling expenses	**(198,893)**	**(73,515)**	**(4,362)**	**(1,795)**	**(9,743)**	**3,770**	**(284,538)**
Other income (expenses)	**(5,824)**	**1,596**	**426,103**	**79,994**	**5**	**(235,490)**	**266,384**
Income (loss) before income tax	**219,302**	**(56,956)**	**421,741**	**78,199**	**(9,738)**	**(231,720)**	**420,828**
Provision for (benefit from) income tax	**22,119**	**(1,502)**	–	–	–	**2,661**	**23,278**
Net income (loss)	**₱197,183**	**(₱55,454)**	**₱421,741**	**₱78,199**	**(₱9,738)**	**(₱234,381)**	**₱397,550**
Net income attributable to:							
Owners of the Parent Company	**₱197,183**	**(₱55,454)**	**₱421,770**	**₱78,199**	**(₱9,738)**	**(₱234,381)**	**₱397,579**
Non-controlling interests	–	–	**(29)**	–	–		**(29)**
	₱197,183	**(₱55,454)**	**₱421,741**	**₱78,199**	**(₱9,738)**	**(₱234,381)**	**₱397,550**

	As of December 31, 2021						
	Real Estate Development	**Agricultural**	**Power and Utilities**	**Holding**	**Services**	**Eliminations**	**Consolidated**
Other information							
Segment assets	**₱8,456,142**	**₱1,207,940**	**₱1,529,346**	**₱1,121,523**	**₱93,809**	**(₱3,794,546)**	**₱8,614,215**
Deferred tax assets	**-**	**8,498**		**14**		**2,559**	**11,530**
Total Assets	**₱8,456,142**	**₱1,216,897**	**₱1,529,346**	**₱1,121,537**	**₱93,809**	**(₱3,791,987)**	**₱8,625,745**
Segment liabilities	**₱2,413,454**	**₱1,137,237**	**₱41,679**	**₱845,257**	**₱78,546**	**(₱2,041,540)**	**₱2,474,633**
Deferred tax liabilities	**188,684**	**-**	**2**	**-**	**-**	**(11,400)**	**177,286**
Total Liabilities	**₱2,602,138**	**₱1,137,237**	**₱41,681**	**₱845,257**	**₱78,546**	**(₱2,052,940)**	**₱2,651,919**

	For the Year Ended December 31, 2020					
	Real Estate Development	Agricultural	Power and Utilities	Holding	Eliminations	Consolidated
Revenue	₱784,956	₱79,089	₱–	₱–	₱–	₱864,045
Costs and expenses	(359,165)	(60,136)	–	–	–	(419,301)
Gross profit	425,791	18,953	–	–	–	444,744
General, administrative and selling expenses	(180,720)	(79,610)	(14,732)	(1,575)	3,251	(273,386)
Other income (expenses)	1,761	(2,701)	380,967	80,005	(285,466)	174,566
Income (loss) before income tax	246,832	(63,358)	366,235	78,430	(282,215)	345,924
Provision for income tax	70,594	(2,811)	(1)	-	(15,962)	51,820
Net income (loss)	₱176,238	(₱60,547)	₱366,236	₱78,430	(₱266,253)	₱294,104
Net income attributable to:						
Owners of the Parent Company	₱176,238	(₱60,547)	₱366,262	₱78,430	(₱266,253)	₱294,130
Non-controlling interests	–	–	(26)	–	–	(26)
	₱176,238	(₱60,547)	₱366,236	₱78,430	(₱266,253)	₱294,104

	As of December 31, 2020					
	Real Estate Development	Agricultural	Power and Utilities	Holdings	Eliminations	Consolidated
Other information						
Segment assets	₱6,348,797	₱1,242,680	₱1,408,608	₱1,112,873	(₱3,626,992)	₱6,485,966
Deferred tax assets	-	7,248	-	24	9,214	16,486
Total Assets	₱6,348,797	₱1,249,928	₱1,408,608	₱1,112,897	(₱3,617,778)	₱6,502,452
Segment liabilities	₱1,994,736	₱1,115,177	₱40,727	₱831,735	(₱1,888,594)	₱2,093,781
Deferred tax liabilities	168,919	-	2	-	(14,682)	154,239
Total Liabilities	₱2,163,655	₱1,115,177	₱40,729	₱831,735	(₱1,903,276)	₱2,248,020

	For the Year Ended December 31, 2019					
	Real Estate Development	Agricultural	Power and Utilities	Holdings	Eliminations	Consolidated
Revenue	₱964,086	₱63,724	₱–	₱–	₱–	₱1,027,810
Costs and expenses	(367,222)	(49,684)	–	–	–	(416,906)
Gross profit (loss)	596,864	14,040	–	–	–	610,904
General, administrative and selling expenses	(201,509)	(66,302)	(472)	(457)	3,538	(265,202)
Other income (expenses)	(74,293)	(16,806)	452,649	104,834	(185,700)	280,684
Income (loss) before income tax	321,062	(69,068)	452,177	104,377	(182,162)	626,386
Provsion for income tax	120,042	(1,326)	(1)	–	12,878	131,593
Net income (loss)	₱201,020	(₱67,742)	₱452,178	₱104,377	(₱195,040)	₱494,793
Net income attributable to:						
Owners of the Parent Company	₱201,020	(₱67,742)	₱452,331	₱104,377	(₱195,040)	₱494,946
Non-controlling interests	–	–	(153)	–	–	(153)
	₱201,020	(₱67,742)	₱452,178	₱104,377	(₱195,040)	₱494,793

	As of December 31, 2019					
	Real Estate Development	Agricultural	Power and Utilities	Holdings	Eliminations	Consolidated
Other information						
Segment assets	₱5,740,190	₱1,275,544	₱1,423,671	₱1,193,626	(₱3,578,405)	₱6,054,626
Deferred tax assets	–	3,775	–	–	9,239	13,014
Total Assets	₱5,740,190	₱1,279,319	₱1,423,671	₱1,193,626	(₱3,569,166)	₱6,067,640
Segment liabilities	₱1,769,159	₱1,084,596	₱41,241	₱829,590	(₱1,784,043)	₱1,940,543
Deferred tax liabilities	148,849	–	3	–	1,759	150,611
Total Liabilities	₱1,918,008	₱1,084,596	₱41,244	₱829,590	(₱1,782,284)	₱2,091,154

26. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities

	2021				
	Beginning Balance	**Availments**	**Payments**	**Others**	**Ending Balance**
Short-term debt	**₱414,177,400**	**₱157,065,000**	**(₱127,781,380)**	**₱–**	**₱443,461,020**
Long-term debt	**820,856,568**	**547,171,200**	**(315,572,759)**	**–**	**1,052,455,009**
Interest payable	**2,156,665**	**–**	**(87,669,100)**	**88,395,702**	**2,883,267**
	₱1,237,190,633	**₱704,236,200**	**(₱531,023,239)**	**₱88,395,702**	**₱1,498,799,296**

	2020				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	₱370,100,000	₱241,252,000	(₱197,174,600)	₱–	₱414,177,400
Long-term debt	829,689,967	171,903,700	(180,737,099)	–	820,856,568
Interest payable	5,169,768	–	(64,436,684)	61,423,581	2,156,665
	₱1,204,959,735	₱413,155,700	(₱442,348,383)	₱61,423,581	₱1,237,190,633

Others include reclassification of interest expense and capitalized borrowing costs.

The Group’s noncash investing and financing activities pertain to the following:

- Dividend receivable amounted to ₱80.0 million and ₱138.0 million as of December 31, 2021 and 2020, respectively.
- In 2021 and 2020, capitalized borrowing cost amounted to ₱61.7 million and ₱36.2 million, respectively.
- In 2021, the Group transferred from real estate inventory to investment property amounting to ₱149.5 million.

27. Revenue from Contracts with Customers

Revenue Disaggregation

The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Group's disaggregation of each sources of revenue from contracts with customers are presented below:

	2021	2020	2019
Type of product:			
Real estate sales			
Lot-only units	**₱245,570,349**	₱397,771,805	₱461,979,547
House and lot units	**382,882,076**	363,766,554	480,756,219
Sale of agricultural goods			
Crude palm oil	**33,902,921**	57,177,025	45,945,063
Palm olein	**16,423,563**	9,364,000	9,546,393
Palm acid oil	**2,345,170**	3,501,581	1,836,356
Palm fatty acid distillate	**1,890,880**	5,382,220	579,857
Palm stearin	**1,762,946**	3,327,197	865,857
Palm kernel	**368,602**	–	3,602,097
Palm kernel nut	**286,130**	–	–
Palm kernel cake	**–**	336,763	1,348,977
Water service	**24,836,284**	23,417,340	21,349,825
	₱710,268,921	₱864,044,485	₱1,027,810,191

The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time while revenue from sale of agricultural goods are recognized at a point in time.

Contract Balances

	2021	2020
ICR (Note 5)	**₱330,518,474**	₱798,623,667
Current portion of contract assets (Note 14)	**185,102,035**	76,301,227
Noncurrent portion of contract assets (Note 14)	**484,925,421**	20,563,963
Costs to obtain contracts (Note 8)	**12,725,634**	16,005,309
Contract liabilities (Note 14)	**₱169,402,619**	₱168,966,097

ICR consists of accounts collectible in equal monthly installments with over a period of 2 to 10 years. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers.

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already demandable for collection or when the remaining balance of the total contract price once the equity payments have been settled by the customer is already collectible for collection from the bank for real estate sales under bank financing. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in percentage of completion, less reclassification to ICR.

Cost to obtain contract are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	2021	2020
Balance at January 1	**₱16,005,309**	₱16,355,255
Additions	**44,428,940**	35,198,176
Amortization	**(47,708,615)**	(35,548,122)
Balance at December 31	**₱12,725,634**	₱16,005,309

The amortization of prepaid commissions which are expensed as the related revenue is recognized totaling ₱47.7 million, ₱35.5 million and ₱28.6 million in 2021, 2020 and 2019, respectively, are recognized as marketing expenses presented under "General, administrative and selling expenses" account in the consolidated statements of comprehensive income (see Note 18).

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on POC. Contract liabilities amounted to ₱169.4 million and ₱169.0 million in 2021 and 2020, respectively. The movement of this account is mainly due to sales reservations and advance payments of buyers less real estate sales recognized upon reaching the buyer's equity and from increase in POC amounting to ₱0.4 million and ₱29.4 million in 2021 and 2020, respectively.

The amount of revenue recognized in 2021 and 2020 from amounts included in contract liabilities at the beginning of the year amounted to ₱140.8 million and ₱40.4 million, respectively.

Performance obligation
Information about the Parent Company's significant performance obligation is summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payments of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Group's real estate projects. The Group's real estate projects are completed within 6 months to 12 months, from start of construction.

28. Other Matters

Impasug-Ong and Kalabugao Plantations
The Group entered into a DC with KASAMAKA at the Municipality of Impasug-ong, Bukidnon concerning the development of palm oil commercial plantation on August 2006.

KASAMAKA had been granted with Community Based Forest Management Agreement (CBFMA) no. 55093, by the Department of Environment and National Resources (DENR) on December 22, 2000 covering an area of 2,510.80 hectares. Under the CBFMA, KASAMAKA is mandated to develop, manage and protect the allocated community forest project area. Moreover, it is allowed to enter into agreements or contracts with private or government entities for the development of the whole or portion of the CBFMA area.

The project's objectives are to establish approximately 894 hectares into a commercial palm plantation within 5 years (2006-2011). However, ABERDI may intercrop suitable agricultural crops in the plantation and raise livestock, the harvest and produce of which shall belong to ABERDI.

The responsibilities of KASAMAKA with regards to the project follow:

- To provide the land area of 894 hectares within CBFMA area for oil palm plantation; and,
- To provide manpower needs of the Group in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of ABERDI in regard to the project is to provide technical and financial resources to develop the 894 hectares into palm oil plantation for a period of 20 years up to 2026.

Opol Plantation
The Group entered into a DC for the establishment of palm oil commercial plantation in Tingalan, Opol, Misamis Oriental with KMBT.

KMBT has been granted CBFMA No. 56297 by DENR on December 31, 2000 covering a total area of 1,000 hectares of forest lands located in Tingalan, Opol, Misamis Oriental to develop, manage and protect the allocated Community Forest Project Area.

The roles and responsibilities of KMBT under the Development Contract are as follows:

- To provide the land area within the CBFMA for oil plantation; and,
- To provide manpower needs of NC in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of NC in regard to the project is to provide technical and financial resources to develop the covered area into palm oil plantation for a period of 25 years.

In 2019, the Group entered into a contract with the landowners' association in Tingalan, Opol, Misamis Oriental providing the landowners a royalty fee of ₱10.0 per metric ton of fresh fruit bunches harvested. The royalty fee is included as part of the costs of purchase of FFB recognized under "Other inventories - at cost" in the consolidated statements of financial position.

Continuing Impact of COVID-19 Pandemic
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures in various levels throughout the country has caused disruption in the Group's business activities. The Group has adjusted its operations in accordance with the required measures and safety protocols.

Construction and real estate development activities have resumed at various level of activities following safety protocols mandated by the national and local government.

Subsequent Events
Pursuant to the yearly cash dividends on "Series A" preferred shares (see Note 17), on February 2, 2022, the BOD approved the declaration of cash dividends in the amount of ₱1.75 per share out of the Parent Company's unrestricted retained earnings as of December 31, 2021 amounting to ₱23.2 million payable on March 1, 2022. Holders of "Series A" preferred shares on record as of February 16, 2022 are entitled to receive the said dividends.

Further, on May 2, 2022, the BOD approved the declaration of cash dividends on "Series A" preferred shares for the next three quarters of the year in the amount of ₱1.75 per share per share out of the Parent Company's unrestricted retained earnings as of December 31, 2021. Considering that the dividend payment dates are not banking days, the dividends are payable to the entitled shareholders on the following dates:

(i) May 30, 2022 to shareholders of record as of May 17, 2022;
(ii) August 30, 2022 to shareholders of record as of August 3, 2022; and,
(iii) November 29, 2022 to shareholders of record as of November 3, 2022.

SGV
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A, and have issued our report thereon dated May 10, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Alvin M. Pinpin
Partner
CPA Certificate No. 94303
Tax Identification No. 198-819-157
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 94303-SEC (Group A)
Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-070-2020, December 3, 2020, valid until December 2, 2023
PTR No. 8854347, January 3, 2022, Makati City

May 10, 2022

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and Board of Directors
A Brown Company, Inc. and Subsidiaries
Xavier Estates Uptown, Airport Road
Balulang, Cagayan de Oro City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of A Brown Company, Inc. and its subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 10, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Alvin M. Pinpin
Partner
CPA Certificate No. 94303
Tax Identification No. 198-819-157
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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May 10, 2022

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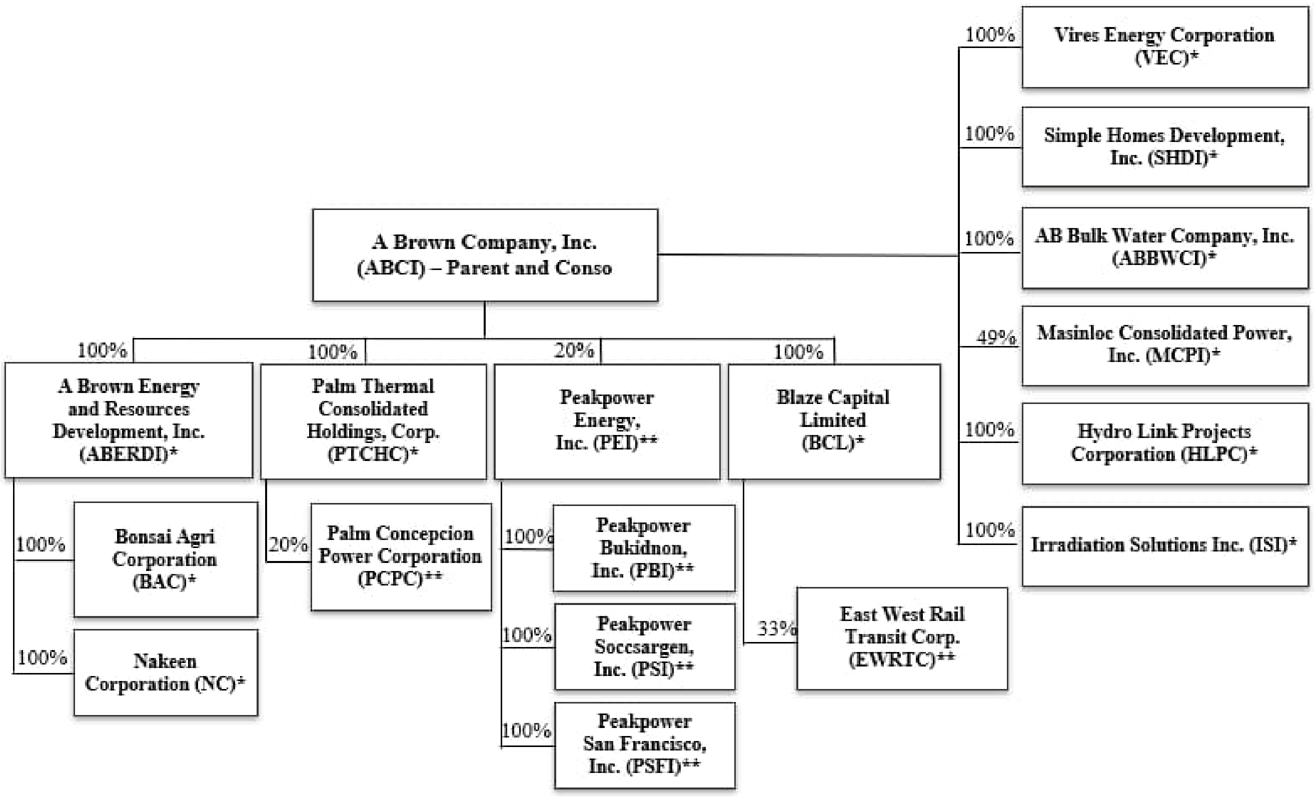
A BROWN COMPANY, INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	₱1,374,121,209
Add: Net income actually earned/realized during the period	
Net income during the period closed to Retained Earnings	349,862,087
Less: Non-actual/unrealized income net of tax	–
Equity in net income of associate/joint venture	–
Less:	
Treasury shares	70,618,247
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND	₱1,653,365,049

SCHEDULE II

A BROWN COMPANY, INC. AND SUBSIDIARIES
MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
DECEMBER 31, 2021



*Subsidiary

**Associate

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
DECEMBER 31, 2021

	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received or accrued
Cash	–	₱1,277,986,644	₱349,121
Receivables			
Dividend receivable	–	80,000,000	–
Trade receivable	–	23,439,474	–
ICR	–	330,518,474	1,834,826
Other receivables	–	55,325,328	–
EIFVOCI	29,387,017	239,411,453	7,442
Receivables from related parties	–	126,310,274	–
Refundable deposits	–	48,759,913	–
	29,387,017	₱2,181,751,560	₱2,191,389

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2021

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.						

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021

Intercompany receivable and payable

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱77,372,548	(₱64,266,324)	₱13,106,224
ABERDI	31,016,722	(10,558,867)	20,457,855
ABBWCI	–	(15,343,286)	(15,343,286)
SHDI	–	(1,735,548)	(1,735,548)
BAC	–	(1,471,572)	(1,471,572)
NC	20,955,947	(2,747,024)	18,208,923
BCL	–	(25,523,878)	(25,523,878)
ISI		(2,879,668)	(2,879,668)
VEC		(4,819,050)	(4,819,050)
Total Eliminated Receivables/Payables	₱129,345,217	(₱129,345,217)	₱–

Deposit for future stock subscription (DFFS) classified as liability

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱1,720,420,484	₱–	₱–
ABERDI	248,047,978	(838,137,053)	–
NC	–	(248,037,603)	–
HLPC	–	(26,084,253)	–
PTCHC	–	(749,427,698)	–
BCL	–	(12,109,707)	–
ISI		(75,600,000)	
VEC		(19,072,148)	
Total Eliminated DFFS	₱1,968,468,462	(₱1,968,468,462)	₱–

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
DECEMBER 31, 2021

Long-term Debt			
Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related consolidated statement of financial position	Amount shown under caption "long-term debt" in related consolidated statement of financial position
Term Loan	₱2,608,974,015	₱201,643,018	₱850,811,991

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
DECEMBER 31, 2021

Indebtedness to related parties (Long-term loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Shareholders	₱293,445,014	₱240,404,064

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2021

Guarantees of Securities of Other Issuers

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 file	Nature of guarantee
		Not applicable		

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
DECEMBER 31, 2021

	Number of shares			Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options warrants, conversion and other rights	Affiliates	Directors, officers and employees	Others
Common stock	3,250,000,000	2,398,912,911	–	1,351,556,468	215,189,848	832,166,595
Preferred stock	50,000,000	13,264,900	–	–	30,000	13,234,900
Total	3,300,000,000	2,412,177,811	–	1,351,556,468	215,219,848	845,401,495

A BROWN COMPANY, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2021 and 2020.

Ratios	Formula	2021	2020
Current ratio	Current assets / Current liabilities	**2.99**	2.50
Acid test ratio	Quick assets / Current liabilities	**1.19**	0.93
Solvency ratio	Net income + Depreciation / Total liabilities	**0.16**	0.14
Debt to equity ratio	Total liabilities / Total equity	**0.44**	0.53
Asset to equity ratio	Total assets / Total equity	**1.44**	1.53
Interest rate coverage ratio	EBITDA / Total interest paid	**5.48**	6.19
Return on equity	Net income / Average total equity	**0.08**	0.07
Return on assets	Net income / Average total assets	**0.05**	0.05
Net profit margin	Net income / Net revenue	**0.56**	0.34

A BROWN COMPANY, INC. AND SUBSIDIARIES

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING SECURITIES TO THE PUBLIC
(SERIES A - PREFERRED SHARES OFFERING)
FOR THE YEAR ENDED DECEMBER 31, 2021

The information below is in connection with the preferred shares issued by A Brown Company, Inc. and listed on the Philippine Stock Exchange on November 29, 2021.

1. Gross and net proceeds as disclosed in the final prospectus

	Base Offer	Oversubscription Option	Total
Gross proceeds	₱ 1,000,000,000	₱ 500,000,000	₱ 1,500,000,000
Net proceeds	₱ 972,206,809	₱ 494,126,842	₱ 1,466,333,651

2. Actual gross and net proceeds

Gross proceeds	₱ 1,326,490,000
Net proceeds	₱ 1,305,873,507

3. Each expenditure item where the proceeds were used

Development for Real Estate Projects	₱ -
Landbanking	74,021,844
Finance Future Funding Requirements for ISI	87,357,815
General Corporate Purposes	2,212,760
	₱ 163,592,419

4. Balance of the proceeds as of December 31, 2021 **₱ 1,142,512,521**

(includes ₱ 231,433 interest earned as of the end of the period)

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S

CERTIFICATION

JASON C. NALUPTA, of legal age, Filipino, with office address at 2704 East Tower, Tektite Towers (Formerly: Philippine Stock Exchange Centre), Exchange Road, Ortigas Center, Pasig City, Metro Manila, after having been sworn to in accordance with law, does hereby certify that:

1. I am the duly elected and incumbent Corporate Secretary of **A BROWN COMPANY, INC.** (the "Corporation"), a corporation organized and existing under the laws of the Philippines , with principal office at Xavier Estates, Uptown, Airport Road, Balulang, Cagayan de Oro City and business office at 194 Tomas Morato Avenue, Sacred Heart, Quezon City.

2. Based on the information provided to the Corporation by the members of its Board of Directors and its principal executive officers, none of said members of the Board of Directors and principal executive officers are presently employed by any office or agency, whether local or national, of the Philippine Government.

IN ATTESTATION OF THE ABOVE, this certificate was signed this 31st day of May 2022 at Pasig City, Metro Manila.

JASON C. NALUPTA
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 31st day of May 2022 at Pasig City, Metro Manila, affiant exhibiting to me his Passport No. P7670714A issued on June 26, 2018 at DFA NCR South as his competent evidence of identity.

Doc. No. 248;
Page No. 57;
Book No. III;
Series of 2022.

ANN MARGARET K. LORENZO
Notary Public for the Cities of Pasig and San Juan
and the Municipality of Pateros
Appointment No. 131 (2021-2022)
Commission Extended on December 31, 2022
2704 East Tower, Tektite Towers
(Formerly Philippine Stock Exchange Centre),
Exchange Road, Ortigas Center, 1605 Pasig City
PTR No. 8131863 / 01.06.2022 / Pasig
IBP No. 171337 / 12.23.2021 / RSM
Roll of Attorneys No. 64875
MCLE No. VII-0010623 / 02.18.2022

ANNEX D

3	1	1	6	8

SEC Registration Number

A BROWN COMPANY, INC.

(Company's Full Name)

XAVIER ESTATES UPTOWN
AIRPORT ROAD BALULANG
CAGAYAN DE ORO CITY

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

Allan Ace R. Magdaluyo
Contact Person

02-8631 8890
Company Telephone Number

2022 1st Quarter Report

1	2		3	1

Month Day
Fiscal Year

1	7	-	Q

FORM TYPE

0	6		

Month Day
Annual Meeting

Secondary License Type, if applicable

M	S	R	D

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

2,088 Common and 3 Preferred (March 31, 2021)	Php 1,499,368,765 (March 31, 2022)	- 0 -
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the **1st** quarter ended **March 31, 2022**
2. Commission Identification Number: 31168
3. BIR Tax identification No. 002-724-446-000
4. **A BROWN COMPANY, INCORPORATED**
5. Metro Manila, Philippines
6. Industry Classification Code: (SEC use only)
7. **Xavier Estates Uptown, Airport Road, Balulang, Cagayan de Oro City 9000**
8. Telephone Nos. **(02) 8631-8890** or (02) 8633-3135 (Liaison Office)
9. Former address in last report is: -
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each class	Number of shares outstanding
Common shares	2,373,467,911 (As of March 31, 2022)
Preferred shares	13, 264,900 (As of March 31, 2022)

Amount of debt outstanding: ₱2,539,467,764*
**total liabilities*

11. Are any or all of the securities listed on a Stock Exchange?
Yes, all of the outstanding common shares and "Series A" preferred shares are listed in the Philippine Stock Exchange.

12.a Yes, we have filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and the RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).

12.b Yes, we have been subject to such filing requirements for the past 90 days.

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  with Supplementary Schedules including the Schedule of Earnings Available for Dividend Declaration

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  - Consolidated Statement of Comprehensive Income for the Three Months Ended and Year-to-Date Ended March 31, 2022 and March 31, 2021
  - Consolidated Statement of Changes in Equity as of March 31, 2022 and March 31, 2021 and December 31, 2021
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  Notes to Financial Statements
  - Aging of Receivables (Please see Note 17)
  - Segment Report (Please see Note 18)
  - ABCI Group Chart (Please see Schedule II)
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PART I – Financial Information

Item 1. Financial Statements

Please find attached herein the Interim Consolidated Financial Statements (Unaudited) (as Exhibit 1) for the First (1st) Quarter ending March 31, 2022.

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

Financial Condition – Interim Consolidated (Unaudited)

In Thousand Pesos	Unaudited 1st Quarter March 2022	Audited 2021	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	Unaudited 1st Quarter March 2022	Audited 2021
Current Assets	**4,953,252**	4,642,563	310,688	7%	55%	54%
Noncurrent Assets	**4,044,300**	3,983,181	61,118	2%	45%	46%
Total Assets	**8,997,551**	8,625,745	371,807	4%	100%	100%
Current Liabilities	**1,657,404**	1,554,623	102.781	7%	18%	18%
Noncurrent Liabilities	**1,224,737**	1,097,296	127,441	12%	14%	13%
Equity	**6,115,409**	5,973,825	141,584	2%	68%	69%
Total Liability and Equity	**8,997,551**	8,625,745	371,807	4%	100%	100%

A Brown Company, Inc. - CONSOLIDATED
Financial Condition items – March 31, 2022 vs. December 2021

The Group's total assets increased by **4% or ₱371.8 million** from a balance of ₱8.63 billion as of end of the year 2021 to almost **₱9.00 billion** as of March 31, 2022.

Current assets increased by 7% or ₱310.7 million as a result of the net effect of the following:

11% or* ₱135.1M *decrease in Cash – due to the net effect of cash provided by investing activities which is lower than the cash used from operating and financing activities. Cash dividends from associates amounting to **₱80.0M** generated **cash from investments**. Other uses of cash from investing activities include the acquisition of property, plant and equipment at **₱16.3M** and investment properties at **₱863k while cash were** p**rovided from** other non-current assets at **₱15.3M**. Financing activities include the receipt of the proceeds from long-term debt amounting to **₱124.0M** and payments made to short-term and long-term debt amounting to **₱68.0M and ₱59.1M**, respectively. Interest payments amounted to **₱23.7M** and shares buy-back amounted to **₱21.4M**. Net cash flow used by operating activities totaled **₱165.0M.**

56% or* ₱246.1M *increase in Current Receivable due to the net effect of:

a) **63% or ₱50M increase in dividend receivable** due to collections of dividend receivable account during this current period
b) **47% or ₱11.0M increase in Trade Receivable** – directly related to increase in collectibles of trade receivables on the sale of agricultural goods and the collectibles from water income.
c) **19% or ₱34.0M decrease in installment contract receivable-current** due to longer collectible in amortization in installment sales and that of installment receivables
d) **8% or ₱264k decrease in advances to officers and employees** due to collection from employees on their additional dependents in health care insurance and liquidation of cash advances
e) **141% or ₱219.3M increase in Other receivables -** due to advances made to affiliates

40% or ₱73.5M increase in Current Contract assets - pertains to the increase in real estate contracts recognized during the period and increase in percentage of completion (POC) as compared to the reclassification of the account to Installment Contracts receivables (ICR) based on the amortization schedule of payments

100% or ₱126.3M decrease in Receivables from related p**arties -** pertains to the collection or receipts from related parties

12% or* ₱248.9M *increase in Real estate inventories – due to the net effect of the increase in development costs over sales of various projects. The increase is due to the increase in construction and development costs by 14% or ₱222.8M. Land for sale and development increased by 5% or ₱26.1M representing the cost of real estate inventories to be sold. Additional construction costs incurred for the period amounting to ₱268.4M, capitalized borrowing cost amounting to ₱18.2M and capitalized depreciation of equipment used in the development amounting to ₱1.6M net of cost of real estate inventory sold amounting to ₱39.4M.

46% or* ₱80.6M *decrease in Inventories – due to decrease in construction materials used in development amounting to ₱1.4M (by 98%) and increase in finished agricultural goods amounting to ₱92.6M (by 5%)

24% or ₱84.1M increase *in prepayments and other current assets* – due to the net effect of:

a) 49% or ₱77.5M increase in deposit for land acquisition – pertains to installment payments made to landowners of land intended for real estate project in the future
b) ₱387k decrease in creditable withholding tax – Pertains to the corresponding creditable withholding taxes of used in payment of quarterly income tax during the period
c) 10% or ₱7.0M increase in prepaid expenses – Due to additional input tax from additional construction costs and materials procured for development during the period
d) 2% or ₱316k increase in cost to obtain contract – Due to increase in booked sales resulting to recognition of costs
e) 3% or ₱205k decrease in refundable deposits – pertains to application of payments on refundable advance payments to suppliers
f) 24% or ₱170k decrease in miscellaneous –pertains to full availment of the services of with advance payment

Non-Current assets increased by 2% or ₱61.1 million as a result of the net effect of the following:

159% or* ₱74.8M *increase in Receivable – net of current – Due to new due and demandable receivables reclassified as non-current during the period.

10% or* ₱46.7M *increase in Contract Assets – net of current – Due to increase in the new real estate sales contract recognized during the period and increase in percentage of completion less reclassification to ICR, net of current during the period.

8% or ₱19.6M *increase in Equity instruments at fair value through other comprehensive income (EIFVOCI)* – due to the increase in fair value adjustments of the equity instruments

₱5.0M *increase in Investment in Associates* – due to the Group's share in the net income of the associates, net of the ₱80M dividend income received during the period

1% or ₱4.6M *decrease in Investment Properties* – due to the depreciation of land improvements held for property held for lease during the period

1% or ₱7.2M *decrease in Property and Equipment, net* - due to the depreciation recorded as against additional property and equipment purchased by the Group

80*% or* ₱9.3M *increase in Deferred Tax Assets -* due to the additional recognition of NOLCO which has extended as an effect of CREATE Law and which decrease the corporate tax rate from 30% to 25% in the current period.

30% or* ₱82.5M *decrease in Other Non-current Assets – due to payment of advances to third parties which was reduced by 49% or ₱100.0M; the down payment for planned purchase of land under a contract to sell as refundable deposits – net of current portion, increased by ₱2.1M or 5% and increase in deferred input VAT by ₱15.3M or 45%

Current liabilities increased by 4% or ₱371.8 million as a result of the net effect of the following:

18% or* ₱136.8M *increase in Accounts payable and accrued expenses – primarily due to the net effect of the following:

a) 27% or ₱128.1M increase in accounts payable – additional purchases made that increase accounts payable
b) 4% or ₱7.9M increase in accrued expenses – due to expenses incurred but settled in the subsequent month
c) 69% or ₱26.0M decrease in retention payable - due to increase in payment to contractors of projects and correspondingly, the retention fee requirement
d) 100% or ₱27.1M increase in Statutory Payables - increase is due to additional output tax recognized on sales of real estate inventory

15% or* ₱68.0M *decrease in Short term Debt – due to settlement of short-term loan

10% or* ₱19.4M *increase in Current portion of long-term debt – pertains to the increase of the part of loan currently due against settlement of principal amount due

9% or* ₱14.6M *decrease in Contract liabilities – pertains to the collection from real estate customers which have not reached the equity threshold to qualify for a revenue recognition and excess of collections over the goods and services transferred by the Parent Company based on percentage of completion.

Non-Current liabilities increased by 12% or* ₱127.4 *million as a result of the net effect of the following:

6% or ₱52.0M *increase in Long-term Debt - net* – due to the additional availment of long-term loans amounting to **₱300.3 *million***

***7% or* ₱5.1M *increase in Retirement benefit obligation* –** due to increase in retirement benefit obligation from the current service cost as well as interest expense

40% or* ₱70.3M *increase in Deferred tax liabilities - due to the effect of deferred taxable income and the CREATE Law which decrease the corporate tax rate from 30% to 25% in the current period

Equity increased by 2% or ₱141.6 million as a result of the net effect of the following:

***8% or* ₱148.3M *increase in the Retained Earnings* –** due to the effect of net income earned during the period

30% or* ₱21.4M *increase in the Treasury Shares – the increase pertains to the additional acquisition of treasury shares during the period

74% or* ₱4.8M *decrease in Cumulative translation adjustment – related to the exchange differences in foreign currency translation

10% or* ₱19.6M *decrease in Cumulative unrealized loss on EIFVOCI - due to the increase in market value of equity instruments at fair value through other comprehensive income or available for sale investments

Results of Operations – Interim Consolidated (Unaudited)

For the Quarter

In Thousand Pesos	For the Quarter ending		Horizontal Analysis Increase (Decrease)		Vertical Analysis	
	Unaudited March 2022	**Unaudited March 2021**	**Amount**	%	**Unaudited March 2022**	**Unaudited March 2021**
Real estate sales	**168,186**	195,618	(27,432)	-14%	**80%**	95%
Sale of agricultural goods	**35,922**	4,285	30,079	515%	**17%**	2%
Water service income	**6,220**	5,844	1,936	45%	**3%**	3%
REVENUES	**210,329**	205,746	4,582	2%	**100%**	100%
Cost of real estate sales	**39,389**	40,660	(1,272)	-3%	**19%**	20%
Cost of agricultural goods sold	**29,368**	2,452	26,916	1098%	**14%**	1%
Cost of water service income	**2,184**	1,483	700	47%	**1%**	1%
COST OF SALES AND SERVICES	**70,940**	44,595	26,345	59%	**34%**	22%
GROSS PROFIT	**139,389**	161,151	(21,762)	-14%	**66%**	78%
General, Administrative and Selling Expenses	**68,828**	69,457	(629)	1%	**33%**	34%
Share in net income (loss) of associates	**85,042**	87,653	(2,610)	-3%	**40%**	43%
Gain (loss) on sale of EIFVPL	**-**	-			**-**	-
Gain (loss) on sale of PPE	**-**	-	,		**-**	-
Unrealized gain (loss) on EIFVP:	**-**	-			**-**	-
Interest expense	**(5,432)**	(11,438)	-6,006	-53%	**-3%**	-6%
Other income (expense) -net	**1,283**	6,919	-5,635	-81%	**1%**	3%
Other Income (Expense)	**80,894**	83,134	(2,240)	-3%	**38%**	40%
Income (Loss) before Income Tax	**151,455**	174,828	(23,373)	-13%	**72%**	85%
Provision for (Benefit from) Income Tax	**3,191**	2,851	340	12%	**2%**	1%
NET INCOME (LOSS)	**148,264**	171,977	(23,713)	-14%	**70%**	84%
Net change in fair value of EIFVOCI	**19,568**	18,986	582	3%		
Cumulative translation adjustment	**(4,827)**	2,362	(7,189)	304%		
Re-measurement gain (loss) on defined benefit plan-net of tax	**-**	(102)	(102)	-100%		
Equity in other comprehensive loss of associate	**-**	-	-	-		
OTHER COMPREHENSIVE INCOME (LOSS)	**14,741**	21,246	(6,506)	-31%		
TOTAL COMPREHENSIVE INCOME (LOSS)	**163,005**	193,223	(30,218)	-16%		

A Brown Company, Inc. - CONSOLIDATED

Results of Operations
For the 1st Quarter ending March 31, 2022

The Consolidated Statement of Comprehensive Income (CSCI) for the quarter ending March 31, 2022 resulted to an after-tax net income of **₱148.3 million** which was lower by 14% or **₱23.7 million** compared to a **₱172.0 million** net income of last year.

Revenue streams from real estate sales, sale of agricultural goods and water service income for this quarter amounted to **₱210.3 million** with only **₱70.9 million** as the cost of sales and services, thereby resulted to a gross profit of **₱139.4 million.** After deducting the general, administrative and selling expenses amounting to **₱ 68.8 million**, and considering other income and expenses: share in the net income of associates at **₱85.0 million,** interest expense of **₱5.4 million** and other income of **₱1.3 million**, the derived net income before tax would be **₱151.5 million.** With **₱3.2 million** as an income tax expense for the quarter, it resulted to a net income of **₱148.3 million.** The net change in fair value of equity instruments through other comprehensive income (EIFVOCI) amounting to **₱19.6 million** and the exchange differences in currency translation loss of **₱ 4.8 million** brought the total comprehensive income to **₱163.0 million**.

The comparisons of the income and cost and expense accounts between the two periods (2021 against 2020) are as follows:

2% or* ₱4.6 *decrease in Revenue on a QTR due to:

a) ***Decrease in Real estate Sales by 14% or P27.4M*** – the decrease is due to the lower of percentage of completion of units sold at this quarter as compared to the percentage of completion of units sold for same quarter last year
b) ***Increase in Sales of agricultural goods by 515% or P30.1M -*** due to the higher sales of crude palm oil, palm stearin and palm fatty kernel this quarter as compared to the same quarter last year.
c) ***Increase in Water services by 45% or P1.9M -*** due to additional buyers moving in to their units thereby increasing water connections for this quarter compared to the water services rendered for the same quarter last year.

59% or P26.3M increase in Cost of Sales due to:

a) ***3% or P1.3M decrease in cost of real estate sales –*** the decrease is relatively due to corresponding decrease in lots sold with lower development costs as compared to the units sold for the same quarter last year
b) ***Increase in cost of sales of agricultural goods by 1098% or P26.9M*** – due to the higher production costs attributed to the goods sold at this quarter as compared to the production costs of the goods sold for same quarter last year
c) ***Decrease in Water Services Cost by 47% or P700k***

14% or P6.8M increase in General, Administrative and Selling -

3% or P2.6M decrease in Equity in net gain of an associate – this pertains to the group's 20% share on the net earnings of PCPC and PEI's operating companies during the 1st quarter of 2022 as compared to the 1st quarter of 2021

81% or P5.6M decrease in Other income – due to the decrease in tapping fees, transfer fees, income from forfeited deposits as compared from the same quarter of last year

53% or P6.0M decrease in Interest Expense – lower interest payments on bank loans this quarter as compared from last year

12% or P340k increase in Income Tax Expense – due to higher taxable income compared to the same quarter last year

Financial Soundness Indicators/Top Key Performance Indicators
(Consolidated Figures)

The table below sets forth the comparative performance indicators of the Company and its majority-owned subsidiaries:

Financial Ratios Consolidated Figures	Unaudited 03/31/2022	Unaudited 03/31/2021	Audited 12/31/2021
Current ratio[1]	2.99:1	2.55:1	2.99:1
Quick ratio[2]	1.10:1	0.84:1	1.19:1
Solvency ratio[3]	0.05:1	0.08:1	0.16:1
Total Debt to Equity ratio[4]	0.47:1	0.48:1	0.44:1
Asset to Equity ratio[5]	1.47:1	1.48:1	1.44:1
Interest coverage ratio[6]	6.22x	8.63x	5.48x
Return on Equity[7]	2.45%	4.67%	7.77%
Return on Assets[8]	1.68%	7.15%	5.26%
Profit Margin ratio[9]	70.49%	34.04%	55.97%

[1]*Current assets/Current liabilities*
[2]*Current assets less contract assets, inventories and prepayments/Current liabilities*
[3]*Net Income plus depreciation (YTD)/Total liabilities*
[4]*Total liabilities/Stockholders' equity*
[5]*Total assets/Stockholders' equity*
[6]*Earnings before income tax, interest, depreciation and amortization (YTD)/Total Interest Payment*
[7]*Net Income (YTD)/ Average Total stockholders' equity*
[8]*Net income (YTD)/Average Total assets*
[9]*Net income (YTD)/Total Revenue (YTD)*

Real Property Development:

High-end Housing

Xavier Estates: It is the pioneer in premier mixed-use development in Northern Mindanao. This 220-hectare development located at Fr. Masterson Avenue, Upper Balulang, and sprawled on a panoramic plateau overlooking the City has now become 288 hectares through additional acquisitions of adjacent developable areas over the years. It is a perfectly master-planned community which guarantees luxury, elegance, prestige, convenience and security.

Teakwood Hills: It is located in Barangay Agusan, Cagayan de Oro City, some 2.3 kilometers from the national highway going uphill. This idyllic enclave has a breathtaking endless view of the mountains and the sea. The roads are eight meters wide and lined with trees. It has a club house with recreational amenities such as swimming pool, billiards, darts and table tennis. Lot sizes start from a minimum cut of 250 sq. m., all with a 180-degree scenic view of the famous Macalajar bay and an elevation of 220 meters above sea level. Percentage-of-completion for Phase 1 is at 83% while Phase 2 is 100% complete.

Valencia Estates: It is located in Barangay Lumbo, Valencia City, Bukidnon. The amenities are patterned after the excellent standards of a plush subdivision with a road network of 15 meters for the main road, 10 meters for the service roads complete with sodium street lamps; a basketball court, a clubhouse with a swimming pool. It also has open spaces and playground, perimeter fence and a 24-hour security service. The project is 100% complete.

Coral Resort Estates: The project is considered as the first residential resort estates in Northern Mindanao. It is strategically located in Initao, Misamis Oriental with a total development area of 5.4 hectares.

Phase 1-Cluster A and Cluster B of the project with development area of 2.5 hectares and 2.9 hectares, respectively are 100% complete.

West Highlands is a residential estate beside a golf course community located in Brgy. Bonbon, Butuan City. The estate has a total developmental area of 25.9 hectares and is 289 feet above sea level which gives lot owners a panoramic view of historic Mt. Mayapay or the cityscape. **West Highlands Phase 2** was launched last October 2017 highlighting fairway and inner fairway lots. Percentage-of-completion for Phase 1 is at 100% while Phase 2 is 99% complete on horizontal development and 100% for vertical development.

Xavier Estates Phase 5B – Ventura Residences II was launched in June 2018. It features house and lot units and prime lots. Located at the back of **Ventura Residences**, this second phase shall have the identical house colors of orange and cream as the first phase. House and Lot units are single detached with a lot area of 110 to 170 sq.m. and floor area of 80 sq.m. Prime lots with lot cuts of 110 to 500 sq.m. are located by the ridge. The horizontal development is 100% complete while the vertical development is at 96%. The project has 74 units with 48 already complete and two (2) are in progress.

The Terraces in Xavier Estates was launched last September 2018. This prime property is highlighted by prime cascading ridge lots of 180 to 400 sq.m. in size. Located in the terraces-like land configuration, this area commands a 180-view of the city of Cagayan de Oro and the mountains of Bukidnon and is low dense with less than 50 lots for sale. The horizontal development is 55% complete.

Economic Housing

Phase 5-Ventura Residences is the first venture of A Brown Company, Inc. into the middle market house-and-lot package nestled inside the Xavier Estates. Ventura Residences is 100% complete. This project has a saleable area of 5.8 hectares.

Xavierville Homes: It is an economic housing development project adjacent to the Xavier Estates. Phase 1 and 2 are 100% complete. This project has development area of 4.84 hectares and a saleable area of 2.59 hectares.

Adelaida Park Residences located beside Mountain View Homes is the first residential subdivision in the region offering a ridgeview linear park. The linear park is 410 linear meters in length with park lights along the jogging path/bicycle path. Single detached and attached house and lot units are offered with lot area ranging 90-161 sq.m. with floor area ranging 60-110 sq.m. Adelaida Park Residences has single houses sufficiently spaced from each other with its own parking space; is a gated community with ranch-type perimeter fence; has proposed pavilion; and is certified flood free with an elevation of 157 feet above river bank. The horizontal development is 100% complete while the vertical development is at 93%.

Xavier Estates Phase 6 - Ignatius Enclave was launched in June 2018. It is located in Upper Balulang, Cagayan de Oro City, a 3-kilometer drive to Mastersons Avenue where major commercial establishments are located. There are also churches, grade schools, high schools and educational centers nearby. It features house and lot units and prime lots. Aimed at fostering a Happy Community concept, the single modern home design introduces ABCI's first venture into the vibrant house colors of yellow, orange, blue and green accents. The horizontal development is 100% complete while the vertical development is at 93%.

Socialized Housing

St. Therese Subdivision: The subdivision is a 1.67-hectares socialized housing project located in Balulang, Cagayan de Oro that will provide 155 house and lots of which 91 units are row houses, 38 units are duplex, and 26 units are single attached. The project is 100% complete.

Mountain View Homes: This project has a development area of 2.3 hectares with 216 saleable house and lots with guard house and basketball court. **Mountain View Homes Phase 2** is a new venture into the socialized and economic housing which is adjacent to the original Mountain View Homes. It is accessible to churches, schools, malls and commercial establishment. The socialized housing project has row houses with lot area of 50sq.m. and floor area of 26sq.m. Single detached units for economic housing have a lot area of 75-143 sq. m. and floor area of 36-38 sq. m. Percentage-of-completion for Phase 1 and Phase 2 is 100% complete.

Mangoville is a socialized housing which was launched on Feb 10, 2018. It is located in Barangay Agusan, Cagayan de Oro, just 1.8 kilometers away from the highway. Mangoville boasts of duplex design houses with its own parking space in a lot area of 67.5 sq.m. with floor area of 22 sq.m. It has a 10-meter-wide main road and 8-meter wide inner roads, with perimeter fence and guardhouse. Mangoville homeowners will enjoy a view of the Macajalar Bay in its elevation of 169 meters above sea level. In 5.5 hours, all 235 units were reserved. The horizontal development is 99% complete while the vertical development is at 85%.

Recent Projects:

Three new projects were introduced to the market: Coral Resort Estates Phase 2; Teakwood Hills Phase 3; and Ignatius Enclave 2. Coral Resort Estates Phase 2 is situated in the southern part of the Coral Resort Estates in Brgy. Pagahan, Initao, Misamis Oriental. It covers approximately 4 hectares comprising of lots for sale ranging from 180 to 398 sqm. Teakwood Hills Phase 3 occupies 3 hectares in the northern portion of Teakwood Hills located in Brgy. Agusan, Cagayan de Oro City. It is coined as Belle del Mar and offers lots for sale at 180sqm to 316sqm. Ignatius Enclave 2 located in Balulang, Cagayan de Oro City features house and lot units. These single detached two-storey units have a floor area of 120sqm and is located in 120 sqm lot areas. Houses could also be built in bigger lots ranging from 150sqm to 415sqm.

Sales recorded for the quarter includes units that were fully booked and were amortizing based on percentage of completion.

Palm Oil Mill

A total of 3,170.66 metric tons of Fresh Fruit Bunches (FFB) derived from internal and external sources were processed for the 1st Quarter of 2022, compared to 591.3 metric tons in the same period of last year. This is an average of 1,056.89 metric tons of fresh fruit bunch processed per month as against 197 metric tons of the same period last year. The yield for the 1st quarter of this year was 523.45 metric tons of crude palm oil with an average oil extraction rate of 18.25% as compared to 115.89 metric tons having an average extraction rate of 19.60% for the same period last year.

The kernels that were produced totalled to 15.80 metric tons as compared to 6.05 metric tons of last year.

Refined Bleached Deodorized Oil (RBDO) Plant

For the 1st quarter of 2022, the refinery produced 3.19 metric tons of Palm Fatty Acid Distillate as compared to zero for the same period of last year. This by-product is generated during production of RBDO.

Fractionation Plant

The production of Palm Olein and Palm Stearin started in June 2015. Crude Palm Oil produced is further processed into Refined Bleached and Deodorized Oil, the raw material of Palm Olein and Palm Stearin. In the 1st quarter of 2022, one (1) metric ton of Palm Olein that was produced for this period compared to none for the same period last year. No Palm Stearin was produced for this 1st quarter of 2022. The quantity sold during the 1st quarter was 1.08 metric tons of Palm Olein compared to 4.39 metric tons for 1st quarter last year.

Power Generation

Coal-Fired Power Project

Palm Concepcion Power Corp. (PCPC) – 20% owned by PTCHC

Palm Thermal Consolidated Holdings Corp. (PTCHC) is 100% owned by A Brown Company Inc. which currently has 20% equity interest in Palm Concepcion Power Corporation (PCPC). PCPC is the project company for the 2 x 135-megawatt coal-fired power plant in Concepcion, Iloilo.

In July 2013, the lending banks signed the term loan financing totaling to Php 10B to partially finance the Engineering, Procurement and Construction (EPC) and finance costs of the project. These were China Banking Corporation (Php 3.5B); Asian United Bank (Php 2.5B) and BDO Unibank, Inc. (Php 4B). BDO Capital & Investment Corporation acted as the Lead Arranger and Sole Bookrunner for the term loan facilities.

The power plant project is located in Concepcion, Iloilo. It is a base load plant that uses Circulating Fluidized Bed Combustion (CFBC) technology that is highly efficient and low-pollution. The first 135MW unit was designed to address the power supply requirements of the Visayas grid and provide a steady flow of power to the growing businesses and economic development in the islands of Panay, Negros, Cebu and even Leyte.

PCPC started construction of the first 135MW in 2013 and was able to complete the project after 37 months and 22 days. Its commercial operations commenced on August 16, 2016. Eight (8) electric cooperatives have signed up offtake agreements with PCPC's first 135MW unit for their base load power capacity requirements. The project site is designed to operate and support two units of 135MW.

The new Environmental Compliance Certificate (ECC-OC-1911-0033) was released by the Environmental Management Bureau of DENR last October 8, 2020 which now covers both Units 1 and 2 of the 2 x 135-MW CFBC Coal-Fired Power Plant Project of PCPC.

Bunker-Fired Power Project

Peakpower Energy Inc. (PEI) – 20% owned by ABCI

Peakpower Energy, Inc. was formed in 2013 to construct diesel/bunker-fired power plant projects designed to generate peaking energy in various A+/Green-rated electric cooperatives in Mindanao. These projects are Build-Operate-Maintain and Transfer (BOMT) agreements for brand new engines, which will last for 15 years through its subsidiaries as operating units: Peakpower Soccsargen, Inc., Peakpower San Francisco, Inc. and Peakpower Bukidnon, Inc.

Peakpower Soccsargen Inc. (PSI) – 100% owned by PEI

Peakpower Soccsargen Inc. (PSI) is a 34.8MW diesel/bunker-fired power plant located in General Santos City. It has a 15-year BOMT agreement with the South Cotabato II Electric Cooperative Inc. (Socoteco 2).

The Energy Regulatory Commission (ERC) issued the Certificate of Compliance (COC) for PSI's first 20.9MW (3 units of 6.97MW) capacity last December 1, 2014. Commercial operations started on January 27, 2015.

The 13.9MW (2 units of 6.97MW) Power Plant expansion declared commercial operations last September 12, 2017. ERC granted the COC of the expansion on February 20, 2018.

Socoteco 2 is the largest distribution utility in Mindanao and its franchise area includes General Santos City, the municipalities of Glan, Malapatan, Alabel, Malungon, Kiamba, Maasim and Maitum in Saranggani and the municipalities of Polomolok and Tupi in South Cotabato.

Peakpower San Francisco Inc. (PSFI) – 100% owned by PEI

Peakpower San Francisco Inc. (PSFI) is a 10.4MW diesel/bunker-fired power plant located in San Francisco, Agusan del Sur. It has a 15-year BOMT agreement with the Agusan del Sur Electric Cooperative Inc. (ASELCO).

ERC issued the Certificate of Compliance (COC) for the first 5.2MW capacity on March 23, 2015. Commercial operations started on January 26, 2018.

The 5.2MW power plant expansion was granted its Provisional Certificate of Compliance on September 27, 2017, which was extended on February 20, 2018. The expansion plant started commercial operations on January 26, 2018.

Aselco's franchise area includes the municipalities of San Francisco, Prosperidad, Rosario, Trento, Bunawan, Veruela, Sta. Josefa, Loreto, Sibagat, Esperanza, Talacogon, La Paz, San Luis and Bayugan City.

Peakpower Bukidnon Inc. (PBI) – 100% owned by PEI

Peakpower Bukidnon Inc. (PBI) is a 10.4MW diesel/bunker-fired power plant located in Barangay Alae, Manolo Fortich, Bukidnon. It has a 15-year BOMT agreement with the Bukidnon Second Electric Cooperative Inc. (Buseco).

ERC issued a Provisional Certificate of Compliance for the 10.4MW (2 units of 5.2MW) on November 21, 2017, which was extended on February 20, 2018. PBI commenced commercial operation on March 26, 2018.

Buseco's franchise area includes the municipalities of Libona, Manolo Fortich, Sumilao, Baungon, Malitbog, Talakag, Impasug-ong, Malaybalay, Lantapan and Cabanglasan, all in the Province of Bukidnon.

Outlook for the Year and Onwards

Real Estate Business:

Real estate is and will still continue to be a good investment at all economic levels of society (Villegas, 2020). As shelter is one of the three basic necessities of human beings including food and clothing.

There is still a demand for low-cost and economic housing. Households of low-middle income and middle-middle income are the potential buyers. Many of these households are dependent on the foreign exchange remittances from relatives working overseas. Despite the displaced OFWs who have returned to the country due to the pandemic, there still continues to be close to 10 million abroad who send remittances in 2020.

OFW remittances are expected to bounce back after the pandemic is put under worldwide control. And Philippines population with a 1.6% growth shall be factors to increase housing demand.

For the upper middle-income households, they are markets for lots only. They also buy house and lots units to either acquire their own homes or invest for these units to be rented out.

The real estate sector is still a major contributor to employment and income growth as it continues to be an attractive choice of investment for both domestic and foreign investors. Looking at the young and growing population, the transition of the country from a low-middle income economy to a high-middle income one, and, the expansion of economic activities to the provinces are some of the reasons for this bullish outlook on the real estate sector.

There is a huge unmet demand for housing thus the local real estate market is seen to be resilient. In a downturn, real estate market will naturally correct itself and will be picking up again. The demand for more than 6 million housing units is very clear (Soriano, 2020).

Real-estate investment trusts or REITs, helping to democratize the Philippine property market by allowing smaller investors to participate in high-value real-estate assets, shall pick up (Santos Knight Frank, 2020).

And more developers will be environmentally conscious which are basic attractions for people who prefer the low-density areas coupled with green, open spaces.

High demand and low interest rates will benefit the residential market greatly once things go relatively back to normal (Colliers International Philippines, 2020).

Sources:
The Resilience of the Real Estate Industry In The Face of the Pandemic, editorial Business Mirror, April 2020
Prospects for the Real Estate Sector, Business Inquirer, September 2020

COVID-19 Global Health Crisis

Health crisis that became pandemic will certainly have tremendous impact on the economy.

After the spread of COVID-19 led to the lockdown of the entire island of Luzon, which accounts for 73 percent of the country's GDP, economic managers were not so optimistic of its impact.

Impact on Real Estate Sales
There is a continued rise in the demand for real estate in Northern Mindanao and Caraga shown in the current sales reservations for the 3rd quarter of 2021. The Company made an unprecedented move to immediately shift to the digital platform. These include regular online presence through Facebook and direct messaging to the brokers. Videos of the projects were enhanced, walk-through to the model houses were created, announcements were converted into online posters. These are also online facilities implemented to ensure continuity in equity payments and sales reservation. A challenge was posted by buyers who had difficulty transitioning from their traditional banking style to online payments but these were being responded to. There were reduced foot traffic at the onset of COVID-19 to sites. However, this has gradually increased as the Company implemented safety protocols on site. Website upgrade is ongoing.

Supply Chain Risks
There is a potential risk of shortage of construction materials and supplies because of supply issues from sources in COVID-19 affected countries. Shortage of imported construction materials might lead to an increase in development costs.

To mitigate the impact of potential shortages, we have implemented contingency strategies such as increased inventory and advanced procurement of construction materials.

With the recommended social distancing and adoption of flexible work arrangements, our personnel and brokers’ efficiency in handling administrative work (e.g. processing of sale documents; processing of government permits and license; etc.) may be impaired.

We have also instituted increased health awareness in all our offices and project sites. Constant disinfecting and sanitation of the offices and model houses in all project sites is done. Constant hand-washing is promoted and health and temperature monitoring is conducted with the use of thermal scanners.

Palm Oil Business:

The palm oil industry is a promising enterprise as the palm oil continuously being considered as the most important tropical vegetable oil in the global oils and fats industry, in terms of production and trade.

Key industry players are positive about the bright prospects of increasing palm oil production in the world market not to mention the great demand from the domestic market and the prospect of eventually exporting palm oil globally. This growing demand presents an opportunity for ABERDI to expand its current crude oil capacity of 10 tons per hour to 30 tons per hour. This expansion requires an additional 2,800 hectares of oil palm plantation representing 50% of the additional requirement of 5,500 hectares. Suitable lands for expansion are available in Misamis Oriental and Bukidnon Provinces due to its strategic proximity to the mill. More importantly, these areas have adequate and ideal available land; in good climatic conditions; and has a vast potential area for oil palm plantation.

There are now seven (7) out of nine (9) milling plants in the country which are located in Mindanao. On top of this, two (2) additional milling plants are in the pipeline. Out of the nine (9) plants, two (2) have upgraded into refinery plants. ABERDI is the second next to Caraga Oil Refinery Inc. (CORI).

Plan of Action

To respond to the lack of adequate local production, the management has targeted to develop 2,000 hectares of oil palm plantation in Province of Bukidnon and Misamis Oriental areas through a growership program. As of the end of 2021, about 3,699.085 (gross area) hectares were already acquired for development, of which almost 1,547.96 hectares were planted while about 2,652.62 hectares total area potential for planting. The company is anticipating the signing of agreements with local communities in Misamis Oriental and Bukidnon interested for its expansion program aggregating to 2,000 hectares. Due to the synergy and tax efficiency, ABERDI and Nakeen Corp. have applied for an Amended Articles and Plan of Merger as approved by its Board of Directors and shareholders.

ABERDI's refinery with fractionation machine is now operational in full capacity of 50 MT/day. Likewise, the company is producing Palm Olein, Palm Stearin and Palm Fatty Acid Distillate in bulk sales. In 2016, it has already engaged in branding and packaging of premium cooking oil labelled as “Golden Belle”. Its products are now FDA and HALAL-certified.

The company's strategic Route to Market design is divided into two (2) service packages. First service package is direct serve outlets which will cover industrial or food processing companies, supermarkets, hyper-marts, wholesalers, groceries, catering services, hotels and restaurants around Mindanao region. Second service package will be indirect serve outlets like sari-sari stores, traditional food outlets, mini marts, direct household consumptions or specials events markets will serve by our potential Trade Execution Partners (TRP). This Dealership System has good functional discounts plus variable incentive scheme. This will provide customers and consumers excellent service and good margin to the best quality products.

PROSPECTS OF POWER GENERATION:

Vision

The “Build, Build, Build” program of the Duterte administration serves as a guide of the Department of Energy (DOE) in its programs for 2020. This program emphasizes the crucial role of energy, particularly building sufficient capacity, as the key to sustaining the country's economic growth.

At present, the country is still on its quest to obtain energy security and equity, considering the affordability and access of electric supply. However, the Philippine Power System remained generally stable and that the DOE will ensure the sustainable implementation of the rules and laws for the security of our energy supply through competition, access to bilateral markets, anti-monopoly measures, least-cost power, and the protection of the environment.

Demand and Forecast
Increase in energy demand are expected from the distinct growth in the industrial, commercial, and domestic sectors of the country. In addition, electrification continues—households in areas such as parts of Mindanao and Mindoro, which are not fully grid-connected, are likely to gain better access to electricity supply in the coming years with the target to reach 100% electrification across the Philippines by 2022.

By 2040, the country's electricity demand is projected to grow by about 5% annually. And to meet this demand including reserve requirements, a total of 43,765 MW additional capacities must come online.

Peak electricity demand is predicted at 12,285 megawatts (MW) for Luzon; 2,519 MW for Visayas and 2,278 MW for Mindanao, for 2020, according to DOE.

With the additional 237MW on 2017—comprising of 63% coal, 33% solar, and 4% oil-based sources, the energy department is expecting that enough power reserves will meet the demand. In addition, 19,934 MW of capacity is still under development with committed and "indicative" projects until 2025.

Adequate power supply across all three grids—Luzon, Visayas, Mindanao, is forecasted assuming that nothing deviates from the projections based on planned outages, the maintenance program, and the historical peaks and these projected rise in demand by DOE.

Solutions
To solve the country's energy security woes, DOE initiated the issuance of policies for resiliency, conducted of performance assessment and technical audit for all energy facilities, and reactivated the Inter-Agency Task Force on Securing Energy Facilities, among others.

DOE also called for the full cooperation of all industry stakeholders in monitoring and responding to the power demand-supply situations, they also encourage consumers to practice energy efficiency and conservation measures.

Coal Power Generation
Coal consumption in the Philippines is relatively high as the energy sector is highly reliant on coal-fired power plants. Coal power plants generated 46.8 million MWh in 2017, making up half of the country's power generation mix.

According to forecasts, the share of coal power plants will increase from about 30% in 2010 to around 50% in 2030. This share will further increase to 65% by 2050 since the existing natural gas plants are retired in the future. Over 25% of 2050 capacity will be diesel. It is also assumed that all of electricity demand will be supplied through electricity grids in which plants are dispatched to minimize variable costs.

In conclusion, energy remains a crucial element in economic growth and development of any country. According to the National Economic and Development Authority (NEDA), the potential of the Philippines of reaching high-income status by 2040 provided the economy grows consistently by 7.0 percent annually.

Meanwhile, the Philippines scored 4.2 out of 7 in terms of sufficiency and reliability of power supply, as showed in a World Economic Forum report, and still showing great probability of improvement in the energy industry. Strong coordination among energy stakeholders, coupled with the additional power generation capacities, are paving way in responding to the challenges of the industry.

Sources: DOE, NGCP, ADB, NEDA, Philippine Star

Plan of Action

Coal-Fired Power Project:

As economic activities continue to expand in the Visayas, specifically in Panay, a need for a more stable and sufficient power supply situation is a must. The 2 x 135 MW coal-fired power plant project in Concepcion, Iloilo was developed due to the foreseen power capacity requirements in the Visayas region. The first unit of this new base load plant was designed to address the power supply requirements of the Visayas grid and provide a steady flow of power when it goes on line. Palm Concepcion Power Corporation (PCPC), the project proponent, constructed the power plant in 2013. The power plant is equipped with a steam turbine generator manufactured by Alstom of Europe.

PCPC started commercial operations of the first unit of the 135 MW Circulating Fluidized Bed Combustion (CFBC) power plant on August 16, 2016. It was inaugurated by the Philippine President Rodrigo R. Duterte in Malacañang on November 28, 2016. It is now delivering power supply to Panay, Negros, and the rest of Visayas.

Eight (8) distribution utilities and electric cooperatives have signed up with PCPC for their base load power capacity requirements in order to deliver reliable and stable power generation supply to industrial, commercial, and residential consumers.

The new Environmental Compliance Certificate (ECC-OC-1911-033) was released by the Environmental Management Bureau of DENR last October 8, 2020 which now covers both Units 1 and 2 of the 2 x 135-MW CFBC Coal-Fired Power Plant Project of PCPC.

The power plant takes pride with the capability of its CFBC Technology and the sound environmental measures being practiced in the power plant as it maintained its excellent emission performance vis-a-vis the DENR standards.

At present, PCPC is fulfilling its purpose by serving the needs of its customers, helping ensure that homes and businesses have dependable and uninterrupted power supply, which they can afford, as it continues to uphold its commitment to the environment and host communities.

Bunker-Fired Power Project:

Peakpower Energy, Inc. (PEI) was set up in 2013 to implement projects designed to generate peaking energy across various A+/Green rated electric cooperatives in Mindanao. These are Build-Operate-Transfer agreements for brand new bunker-fired engines, which will last for 15 years.

After signing a Power Purchase and Transfer Agreements for 20-megawatt of peaking power supply with South Cotabato II Electric Cooperative (SOCOTECO II) and 5-megawatt supply with Agusan del Sur Electric Cooperative (ASELCO) in 2013, the respective plants Peakpower Soccsargen, Inc. (PSI) and Peakpower San Francisco, Inc. (PSFI) are commercially operational, supplying the very much needed power capacities in their franchise areas.

Expansion of these two plants are also completed and has already declared their commercial operations last September 2017 and January 2018, respectively. A third plant, Peakpower Bukidnon, Inc. (PBI) which is a 2 x 5.2MW peaking plant and embedded to Bukidnon Second Electric Cooperative (BUSECO) declared commercial operations on March 2018, and was inaugurated a year after.

Recently, PEI officially appointed Wartsila Philippines Inc., a leading supplier of power solutions in the country, to operate the mobilization and maintain the facilities of PEI’s three diesel power plants in Mindanao. On October 11, 2019, PEI and Wartsila Philippines Inc. signed an operations and maintenance contract agreement for all its three power plants.

Hydro Power Project:

Hydro Link Projects Corporation (HLPC) - 100% owned by ABCI

Hydro Link Projects Corporation ("HLPC") is a wholly-owned subsidiary of ABCI focused on renewable energy development. HLPC is a registered renewable energy developer with the Department of Energy. HLPC will be ABCI's vehicle to pursue renewable energy projects. HLPC remains on the lookout for opportunities at any stage of development from greenfield opportunities to acquisition of operating power projects.

Bulk Water Project

AB Bulk Water Company, Inc. (ABWCI) - 100% owned by ABCI

AB Bulk Water Company, Inc. (ABWCI) was incorporated on March 31, 2015 to engage in the business of holding and providing rights to water, to public utilities and cooperatives or in water distribution in the Municipality of Opol or to engage in business activities related to water development.

ABWCI is currently pursuing the proposed Bulk Water Supply Project for the Municipality of Opol in Misamis Oriental. The Project which will tap the water resources of Lumayagan River aims to supply up to 40 million liters per day per day (MLD) of potable water to cater the present and future requirements of the municipality. Other potential service areas include the neighboring municipalities of Opol – the expanding water needs of Cagayan de Oro City, the city of El Salvador, and the municipalities of Alubijid, Laguindingan, and Gitagum.

The detailed engineering design of the Project has been completed confirming the technical viability of the project as defined during the pre-feasibility study. The Water Permit has been granted by the National Water Resources Board (NWRB). Likewise, the Environmental Compliance Certificate (ECC) has been secured from the Department of Environment and Natural Resources (DENR). The Watershed Management Study was also completed with the involvement of different LGU sectors and stakeholders.

The project will follow a business model to which it will provide potable water through a bulk supply agreement with a distribution company. ABWCI has been in discussion with numerous possible investors, partners, offtakers, however, no final agreement has been successful completed pending their due diligence on project parameters.

ABWCI remains steadfast to serve the needs for potable water of the LGU within the Cagayan de Oro – Iligan corridor more particularly the possibility of providing water to Cagayan de Oro Water District (COWD), a local water distribution company and as a possible off-taker of the project, which strongly indicates a worthy partnership considering the current scarcity of potable water supplying the franchise area of COWD. In preparation for this undertaking the Company is looking at the potential of Cagayan de Oro River in Municipality of Talakag as possible water sources.

The demand for water is increasing in the regions the ABWCI is focusing on. The Company continues to do pre-development work towards reaching shovel-ready status.

East West Railway Project:

Blaze Capital Limited – 100% owned by ABCI

Blaze Capital Limited is a British Virgin Islands company, incorporated and registered on August 8, 2011. It was acquired by ABCI on May 22, 2017. Blaze Capital Limited has a 33.33% ownership in East West Rail Transit Corporation (EWRTC) which is part of a consortium for the East-West Railway Project under the unsolicited track of the BOT Law and its IRR.

The Consortium, composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) submitted an unsolicited proposal to the Philippine National Railways (PNR) to finance, build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. It will traverse the corridor of Quezon Avenue in Quezon City and España Boulevard in the City of Manila. This project is in line with the objective of the government to provide the most efficient and appropriate solution/system to address the large volume of commuters in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, operation and maintenance.

The Consortium has completed and submitted to PNR and to NEDA thru PNR the pertinent project documents that would satisfy the latest ICC requirements including the Environmental Impact Statement (EIS). These submissions will help facilitate the evaluation and approval of the project. The remaining requirement to be submitted is the Regional Development Council (RDC) endorsement, this can be obtained simultaneously during the NEDA approval stage.

The Consortium has already sought endorsement from the respective hosts LGUs' (Manila and Quezon City) and the No Objection Clearance, in support to their previous no objection in 2017 (Manila) and 2018 (QC). This will support to move forward with the RDC endorsement. Quezon City LGU already sent their letter of support to PNR through a letter dated 7 January 2021.

To date, the Consortium is waiting for the NEDA's evaluation of the project which schedule may have been affected because of the current pandemic situation.

Natural Gas Project:

Vires Energy Corporation –100% owned by ABCI

ABCI acquired 100% of the outstanding capital of Vires Energy Corporation (“VEC”) from Argo Group Pte. Ltd. of Singapore in June 2020.

VEC was incorporated in 2015 and is the proponent of the Integrated Floating LNG Storage and Regasification Terminal and a 500MW Floating Natural Gas-Fired Power Plant Project located in Barangay Simlong, Batangas City. Unlike the conventional land-based facility, the Project will use a Floating Power Plant (FPP) or power barge that will receive re-gasified LNG by means of a pipeline.

VEC has secured the Environmental Compliance Certificate (ECC) for the project and has registered the project with the Board of Investments. The Department of Energy Issued a Notice to Proceed (NTP) in April 2021 for the proposed Integrated Natural-Gas Fired Power Plant and LNG Storage and Regasification Project.

The Pre-Front End Engineering Design Phase (Pre-FEED) for the marine and onshore facilities was conducted by Seanergy Singapore and London Marine Consultants was completed in October 2021. The Front End Engineering Design (FEED) phase is ongoing. Wison Offshore and Marine is conducted the Pre-FEED Phase for the Floating Power Plant Component and will be completed in April 2022.

VEC has also secured a 2-hectare plot of land in Batangas for the project site. The property will be developed to include the FPP mooring area or jetty, switchyard, onshore facilities and the balance of plant. Hydrographic and Topographic Surveys were completed and site development drawings are being finalized. Additional land area is being contemplated for other support infrastructure and future expansion.

Irradiation Project:

Irradiation Solutions Inc. – 100% owned by ABCI

In January 2021, the Securities and Exchange Commission (SEC) approved the incorporation of the ABCI's new subsidiary, Irradiation Solutions, Inc. (ISI). ISI is developing the Tanay E-Beam and Cold Storage Facility. The project is envisioned to be the first Commercial E-Beam Facility to be built in the Philippines.

The E-Beam Facility will be able to provide services for the sterilization of medical masks, dressings, syringes and surgical staplers and a wide among application for single-use medical devices. The facility will be able to provide commercial irradiation services to improve the quality of agricultural and fishery products. This will enable local products, fruits, and seafood to be of export quality and gain wider access to international markets. The E-Beam technology is used in more than 60 countries and is considered the most economical alternative among available commercial sterilization methods.

As part of the preparation for the implementation of the project, we have already obtained the following government approvals and endorsements:

a) The Board of Investments (BOI) approval under the Republic Act No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act;
b) The Environmental Compliance Certificate (ECC) issued by the DENR-EMB CALABARZON Region; and
c) The Tanay LGU Endorsement.

Currently, ISI are in the process of securing other necessary approvals and permitting required prior to construction. Likewise, ISI have completed the tendering process for the selection of the contractor and now ready to commence the construction of the project.

Construction is targeted to commence by 1^{st} half of 2022 and commercial operations to start by the 2nd half of 2023.

Impact of Economic/Political Uncertainties:

The Company's performance will continue to hinge on the overall economic performance of the country. Interest rate movements may affect the performance of the real estate industry, including the Company. Good governance will definitely lead to better economy and better business environment and vice-versa. In consideration of the change of leadership after the May 2022 National Elections, political stability encourages people to work better and spend more and the investors to infuse funds for additional investment. Given the other positive economic indicators like recovery in exports, sustained rise in remittances and growing liquidity in the domestic financial market, the government's projected growth targets are attainable.

The annual average headline inflation of the country for the year 2021 at 4.5% was higher than the 2.6% in 2020 and way lower than the 5.2% in 2018. The 2018 rate was also the highest since 2008's 8.2 percent year-on-year increase in prices, making it a 10-year high, Philippine Statistics Authority (PSA) data showed.

Relative to their annual average rates in 2020, the indices of the following commodity groups recorded faster annual average increments in 2021: Food and non-alcoholic beverages, 5.2 percent; Housing, water, electricity, gas and other fuels , 2.6 percent; Health, 3.0 percent; Transport, 9.7 percent and Restaurant and miscellaneous goods and services, 3.6 percent.

On the other hand, other commodity groups exhibited slower annual average inflation or negative annual average rate during the year, except for communication which retained its 2020 annual average rate of 0.03 percent.

The Development Budget and Coordination Committee (DBCC), an inter-agency economic planning body together with the BSP decided to keep the current inflation target at 3.0 percent ± 1.0 percentage point (between 2 to 4 percent) for 2022–2024. In previous years, the inflation target was an appropriate quantitative representation of the BSP's medium-term price stability goal that is conducive to the balanced and sustainable growth of the Philippine economy.

Monetary officials are optimistic of within-target inflation this year despite the higher-than-target print in 2021 as well as the number of upside risks that include supply-side pressures and higher global commodity prices. Bangko Sentral ng Pilipinas (BSP) Governor Benjamin Diokno in an Open Letter to the President attributed the elevated inflation in 2021 to constraints on key food items like pork as well as increasing oil and energy prices.

The BSP Governor believed that continued and effective implementation of direct non-monetary interventions and policy reforms to alleviate supply constraints remains crucial in keeping the trajectory of inflation within the target band, particularly as risks to the inflation outlook appear to be slightly on the upside for 2022. However, he said these risks are expected to be countered by the spread of new Covid-19 (coronavirus disease 2019) variants, which could delay the further easing of remaining containment measures as well as dampen the outlook for global and domestic economic growth.

Nevertheless, the BSP is closely monitoring developments and challenges brought about by the pandemic to ensure that the monetary policy stance remains consistent with its price and financial stability objectives.

The BSP Chief said that food supply constraints such as on pork due to the African swine fever (ASF) that started in Asia in 2018, along with existing regulatory, tariff, and technology constraints in the livestock and feed sector are among the factors that drove the elevated inflation rate in 2021. Another factor was the increase in global oil prices after the recovery of global demand following a decline when the pandemic started in 2020 and of restrained supply. Further, these factors were partly offset by the negative base effects of higher transport fares in 2020, particularly of tricycle fares, when the government implemented movement restrictions.

The Philippine economy grew by 5.6 percent in 2021 exceeding the government's revised growth target of 5.0 to 5.5 percent for last year. This was a reverse from 2020 that shrank the economy by 9.5%, the worst contraction since 1946 and sharpest among the largest economies of Asia-Pacific due to uncontrolled COVID-19 outbreak combined with strict nationwide lockdowns and mobility restrictions, a succession of natural disasters, and delays in budget execution which weighed on public investment. The contraction last year was the low end of the -8.5 to -9.5 percent estimate of the Development Budget and Coordination Committee (DBCC) in light of the lingering public health crisis.

The growth was seen faster and expected which shows a rapid recovery despite the COVID-19 pandemic restrictions and the impact of Typhoon Odette. The main contributors were manufacturing, wholesale and retail trade, repair of motor vehicles and motorcycles and construction.

The NEDA Chief said that the sustained growth was driven by successful management of risks such as targeting the areas with highest risk and allowing the rest of the economy to open. Moving the policies from a pandemic to endemic paradigm have to led to broad-based expansions across almost all sectors. The industry sector grew by 8.2 percent while the services sector rose to 5.3 percent showing a strong recovery from the contractions in 2020. On the other hand, the agriculture sector has shown slight decline of 0.3 percent due to challenges faced such as African Swine Fever and super typhoon. In terms of expenditure, private consumption grew by 4.2 percent indicating consumer confidence while government expenditure expanded by 7 percent. The investments recorded a robust growth of 19 percent rebounding from -34.4 percent in 2020, supported by a 37.4-percent growth in public construction as the government proceeded full-steam ahead with the implementation of the "Build, Build, Build" infrastructure program. For 2022, the government targets 7 to 9 percent GDP growth with economic reopening in full swing.

Despite the increase in COVID-19 cases in the beginning of 2022, severe cases and deaths were limited due to the country's ramped up vaccination program. By expanding vaccination to all age group and cooperation of Filipinos to the program by allowing themselves to be vaccinated, NEDA sees that this will enable a safe and full reopening of the economy which will allow more Filipinos to work, earn a living, and even have face-to-face classes.

The NEDA Chief is optimistic that the country will not only recover to the pre-pandemic level in 2022 but achieve the upper-middle income country status. The NEDA chief emphasized that structural reforms need to be continually pursued making our country more resilient against future crises as well as solidify growth prospects.

A support package to address multiple concerns of businesses and individuals has been given attention by the government. The government has supported individuals and firms after the deferment of fixed payments and taxes, along with lower taxation rates. These were addressed in the Bayanihan I and II, along with the Corporate Recovery and Tax Incentives for Enterprises Act.

To achieve these goals, there are risks that lie ahead. Extreme weather disturbances like global warming and strong typhoons will be the biggest roadblock. The agriculture sector challenge is to make it resilient to such shocks. Reducing the cost of food, especially of rice, is important in reducing poverty. At the same time, there's need to raise productivity in the agricultural sector by helping farmers transition to higher value crops and making technology easily accessible. Other potential downside risks also include greater volatility in capital flows, and geopolitical risks and global pandemic. Thus, the government needs to remain vigilant and consider potential repercussions to the Philippine economy.

There's a need as well to nurture entrepreneurship and attract investments to produce higher-paying, higher quality jobs especially outside of Metro Manila. In turn, such investments will require a truly secure and stable economic and political environment. Moreover, the sectors should be resilient and diversified in both of products and markets, in particular, championing innovation and diversification in the industry sector. In the services sector, there is a need for a policy environment that makes it easier for firms to set up and operate businesses, as well as to comply with regulations. The government also needs to make the regulatory system much more efficient and transparent.

The crafting of the Philippine Development Plan (PDP) of the present administration will provide a holistic and comprehensive approach to equipping the economy to accommodate higher growth in the following years. Importantly, this PDP is people-centered, as it is anchored on the people's aspirations for the long-term, as articulated in AmBisyon Natin 2040. Among the government's priorities are infrastructure development, human capital investment, regional development, social protection and humanistic governance in order to lay the foundation for inclusive growth, a high-trust society, resilient communities, and a globally competitive knowledge economy.

The implementation of the "Build, Build, Build" infrastructure program and the focus on improving the performance of services exports would boost economic growth. Under the ambitious "Build, Build, Build," the government plans to roll out flagship, "game-changing" projects, with about half targeted to be finished within President Duterte's term, alongside plans to spend up to P9 trillion on infrastructure until 2022 to usher in "the golden age of infrastructure." With the government's political will, it has been able to institute policy reforms like liberalizing some areas like farm restriction. The continuity of the program depends on the adoption or discontinuance of such in the new government after the President Duterte's term.

COVID-19 Global Health Crisis

However, health crisis that became pandemic will certainly have tremendous impact on the economy.

After the spread of COVID-19 led to the lockdown of the entire island of Luzon, which accounts for 73 percent of the country's GDP, economic managers were not so optimistic of its impact.

The government has adopted measures including the relaxation of regulation for those affected by the epidemic, utilized programs providing unemployment/sickness benefits and established strategic commodities inventory, among others. The Socioeconomic Planning Office recommended in preparing the economy for a rebound by taking advantage of the situation and boosting infrastructure, rehabilitate the ecosystem, craft local government tourism master plans and the upgrading of facilities by the private sector. Additional suggestions include promoting domestic tourism by developing a new campaign for domestic travel, the provision of retooling measures like livelihood training, encouraging strategic investments in the field of medicine and the establishment of a Center for Disease Control-like network.

After the number of confirmed cases of coronavirus disease 2019 (COVID-19) increased, the President declared on March 16, 2020 a state of calamity throughout the country and imposed the Enhanced Community Quarantine (ECQ) in Luzon. Since the declaration, the number has continued to rise while businesses have stalled, disrupting economic activities and affecting the livelihood of Filipinos.

To combat the COVID-19 pandemic in the country, the President signed into law the Bayanihan to Heal as One Act (RA 11469) which was effective on March 25, 2020 and valid for three months unless extended by Congress. The law would allow the President to "reallocate, realign, and reprogram" a budget of almost ₱275 billion ($5.37 billion) from the estimated ₱438 billion ($8.55 billion) national budget approved for 2020, in response to the pandemic; enable him to "temporarily take over or direct the operations" of public utilities and privately owned health facilities and other necessary facilities "when the public interest so requires" for quarantine, the accommodation of health professionals, and the distribution and storage of medical relief; and "facilitate and streamline" the accreditation of testing kits.

After the expiry of Bayanihan to Heal as One Act (Bayanihan I) law on June 25, 2020, Bayanihan to Recover as One Act (Bayanihan II) was signed into law which provides for a PHP165.5-billion fund to finance the country's response and recovery interventions intended to mitigate the impact of the coronavirus disease 2019 (Covid-19) pandemic and also grants special powers anew to the President to best deal with the pandemic. Bayanihan II was considered crucial in government's efforts to gradually re-open the economy, support businesses and revitalize growth to make the country resilient to Covid-19 by strengthening the health sector, particularly the healthcare capacity and pandemic response.

Jumpstarting the Economy from the Impact of COVID-19

The government's flagship "Build, Build, Build" infrastructure project will help "jumpstart" the economy from the impact of the coronavirus disease 2019 (Covid-19) crisis.

Although the Bayanihan to Heal as One Act (Republic Act 11469) has provision that allows the "direct discontinuance" of appropriated programs, projects or activities of any agency of the Executive Department in the 2019 and 2020 national budget to use savings to augment Covid-19 response allocation, the government is still trying to determine other sources of funds to augment the current PHP275-billion budget for Covid-19 response. The government needs more funds for relief efforts as the country continues to deal with the Covid-19 pandemic.

The Build, Build, Build program, which has helped generate thousands of jobs, would also be crucial in helping the economy recover. Under the Build, Build, Build program, the government has improved the country's key infrastructures -- bridges, roads, railways, urban mass transport, railways, airports, seaports, and new and better cities. The Department of Public Works and Highways (DPWH) was able to construct and rehabilitate about 9,845 km. of roads, 2,709 bridges, 4,536 flood mitigation structures, and 71,803 classrooms. The program also generated 4,199,288 jobs and helped reduce the unemployment rate to 4.5 percent, the lowest rate since 2005.

Source: NEDA Reports, PNA Report and Various News Articles

Amendment to Articles of Incorporation and By-Laws

Reclassification of Unissued Common Shares to Preferred Shares

On April 12, 2021 and June 24, 2021, the BOD and shareholders representing at least 2/3 of the outstanding capital stock, respectively, approved the proposal to amend the Parent Company's AOI to create preferred shares by reclassifying its authorized capital stock from the from the current Three Billion Three Hundred Million Pesos (₱ 3,300,000,000.00) divided into Three Billion Three Hundred Million (3,300,000,000) Common Shares to Three Billion Three Hundred Million Pesos (₱ 3,300,000,000.00) divided into Three Billion Two Hundred Fifty Million Pesos (₱ 3,250,000,000) divided into Three Billion Two Hundred Fifty Million (3,250,000,000) Common Shares and Fifty Million Pesos (₱ 50,000,000) divided into Fifty Million (50,000,000) Preferred Shares. The reclassification of the Unissued Common Shares to create Preferred Shares will provide flexibility for the Group with respect to its prospective capital raising activities. On October 5, 2021, the SEC approved the said amendment to the AOI.

The provision of the amendment of Article VII of the Parent Company's AOI including the description of the different classes of stock of the Corporation and a statement of the designations and powers, preferences and rights, and conversions, limitations, or restrictions thereof, in respect of each class of stock can be gleaned to the link below:

https://abrown.ph/kooroast/2021/10/10_05_2021_Amended-Articles-of-Incorporation-Article-VII-Reclassification-of-Shares.pdf

Preferred Shares Offering – Registration, Issuance and Listing

On May 25, 2021, the BOD approved the offering and issuance of cumulative, non-voting, non-participating, non-convertible, peso-denominated perpetual preferred shares out of the authorized but unissued capital of the Corporation, with an aggregate issue amount of up to One Billion Five Hundred Million Philippine Pesos (₱1,500,000,000.00) to be registered with the Securities and Exchange Commission and listed on the Philippine Stock Exchange, Inc.

The preferred shares offering and issuance were subject to the SEC's approval on the Parent Company's amendment to the AOI approved by the BOD and shareholders on April 12, 2021 and June 24, 2021, respectively, to create preferred shares by reclassifying its authorized capital stock. On July 19, 2021, the Company filed with SEC the Registration Statement for the shelf registration of the preferred shares.

On 15 October 2021, the SEC issued the Certificate of Filing of Enabling Resolution dated 14 October 2021 in connection with the offer and issue of 50,000,000 cumulative, non-voting, non-participating, and non-convertible perpetual preferred shares, at an offer price of up to Php100.00 per share which was approved by the Board of Directors of the Company on July 15, 2021 and was filed with the SEC pursuant to Section 6 of the Revised Corporation Code of the Philippines (R.A. No. 11232).

The Parent Company received a "Pre-effective letter" dated 22 October 2021 on the same day issued by the SEC which confirmed that it favorably considered the Company's Registration Statement in relation to the Company's proposed shelf registration subject to compliance by the Company with the conditions prescribed in the Pre-effective letter.

On 10 November 2021, the Parent Company secured approval from the Philippine Stock Exchange (PSE) for the shelf-listing of up to 50 million preferred shares and the follow-on public offer of up to 15 million preferred shares. For the first tranche, A Brown will offer 10 million preferred shares at an offer price of P100 per share or P1B worth with an oversubscription option of up to 5 million preferred shares worth P500 million. On 11 November 2021, A Brown approved the preferred shares offering with an initial dividend rate of 7.0% p.a. to be paid quarterly.

On 12 November 2021, the Company received from the Securities and Exchange Commission (SEC):

(i) SEC MSRD Order No. 76 s. 2021 (“Order of Registration”) for the shelf registration of up to 50,000,000 cumulative, non-voting, non-participating, non-convertible, and redeemable perpetual Preferred Shares of which the Initial Offer Shares are a part, dated 12 November 2021; and
(ii) Permit to Offer Securities for Sale (“Permit to Sell”) covering the Initial Offer Shares, dated 12 November 2021.

On November 29, 2021, there were 13,264,900 “Series A” preferred shares that were issued and listed in the Philippine Stock Exchange with “BRNP” as its ticker symbol.

The Corporation designated and appointed PNB Capital and Investment Corporation as the sole issue manager.

The Parent Company may offer from time to time, in one (1) or more tranches in such amounts/issue price and under such terms and conditions as may be determined by Corporation in light of prevailing market and other conditions at the time of sale.

For further information, kindly refer to the Prospectus and Offer Supplement dated November 11, 2021 (including the Order of Registration and Permit to Sell issued by the SEC) with regard to “Series A” preferred shares offering which are accessible through the link: https://abrown.ph/investor-relations/prospectus/

Uses of Proceeds from “Series A” Preferred Shares Offering

For the 1st Quarter ending March 31, 2022, the proceeds of the Preferred Stocks Offering – Series A of 13.2649 million shares of A Brown Company, Inc. (BRNP) listed on November 29, 2021 were applied as follows:

In Php Millions

Purpose	Per Offer Supplement	Actual Net Proceeds	Actual Disbursements - as of December 31, 2021	Actual Disbursements - 1st Quarter 2022	Total Actual Disbursement- March 31, 2022	Balance for Disbursement- March 31, 2022
Development of Real Estate Projects	600.00	600.00	-	183.85	183.85	416.15
Landbanking	400.00	400.00	74.02	68.54	142.56	257.44
Finance Future Funding Requirements for ISI	350.00	200.00	87.36	112.64	200.00	-
General Corporate Purposes	150.00	105.87	6.10	85.17	91.27	14.60
	1,500.00	**1,305.87**	**167.48**	**450.20**	**617.68**	**688.19**
Interest Earned						.70
						688.89

Dividend – “Series A” Preferred Shares

As and if cash dividends are declared by the Board of Directors on the Company’s “Series A” preferred dividends, the cash dividends shall be at the fixed rate of 7.00% per annum which will be payable quarterly on March 1, May 29, August 29 and November 29 of each year subject to the certain limitations as provided for in the Prospectus and Offer Supplement dated November 11, 2021. The cash dividends on “Series A” preferred shares is computed as 7% x Php 100.00 x 90/360 amounting to Php 1.75 per share.

The following are the dividend declarations of the Company on "Series A" preferred shares in 2022:

Declaration Date	Record Date	Payment Date
February 2, 2022	February 16, 2022	March 1, 2022
April 29, 2022	May 17, 2022	May 30, 2022
April 29, 2022	August 3, 2022	August 30, 2022
April 29, 2022	November 3, 2022	November 29, 2022

Considering that 29 May 2022 (Sunday) and 29 August 2022 (National Heroes Day) are not Banking Days, dividends will be paid on the next succeeding Banking Day which is 30 May 2022 and 30 August 2022, respectively, without adjustment on the amount of dividends to be paid.

The cash dividend will be paid out of the Corporation's unrestricted retained earnings as of 31 December 2021.

We believe that the Company's available cash, including cash flow from operations and drawings from existing and anticipated credit facilities and the proceeds of preferred shares offering, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures and debt service requirements for the next twelve months. We have also implemented a number of initiatives under our liability management program to meet our debt service requirements in the short and medium term.

The Company does not expect to conduct any product research and development in the foreseeable future. No extraordinary purchase or sale of plant and equipment are expected beyond those in the regular course of the Company's operations. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation nor 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.

Material Event/s and Uncertainties:

The Company has no other events to report on the following:

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.
b) Any material commitments for capital expenditures.
c) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/ revenues/ income from continuing operations.
d) Any significant elements of income or loss that did not arise from the issuer's continuing operations.
e) Any seasonal aspects that had a material effect on the financial condition or results of operations.
f) Any event/s that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
g) Any 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.

The Company has no other information that needs to be disclosed other than disclosures made under SEC Form 17-C (if any).

SIGNATURES:

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

Registrant: **A BROWN COMPANY, INC.**

ROBERTINO E. PIZARRO
President & Chief Executive Officer

MARIE ANTONETTE U. QUINITO
Chief Finance Officer

May 20, 2022

EXHIBIT 1

A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash (Note 4)	**₱1,142,909,648**	₱1,277,986,644
Current portion of receivables (Note 5)	**685,437,870**	439,386,177
Current portion of contract assets (Note 5,12)	**258,642,753**	185,102,035
Real estate held for sale (Note 6)	**2,338,938,595**	2,090,015,454
Inventories (Note 7)	**95,605,304**	176,156,568
Receivables from related parties	**-**	126,310,274
Prepayments and other current assets (Note 8)	**431,717,377**	347,606,218
Total Current Assets	**4,953,251,548**	4,642,563,370
Noncurrent Assets		
Noncurrent portion of receivables (Note 5)	**121,818,665**	46,999,426
Noncurrent portion of contract assets (Note 5)	**531,645,457**	484,925,421
Equity instruments at fair value through other comprehensive income (EIFVOCI)	**258,979,596**	239,411,453
Investments in associates (Note 9)	**1,557,042,405**	1,551,999,914
Investment properties (Note 10)	**444,768,314**	449,402,314
Property, plant and equipment (Note 10)	**913,950,457**	921,133,741
Deferred tax assets - net (Note 15)	**20,806,156**	11,529,697
Other noncurrent assets (Notes 8)	**195,288,468**	277,779,178
Total Noncurrent Assets	**4,044,299,517**	3,983,181,144
TOTAL ASSETS	**₱8,997,551,066**	₱8,625,744,514

(Forward)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Note 11)	**₱876,911,875**	₱740,116,319
Short-term debt (Note 13)	**375,478,980**	443,461,020
Current portion of long-term debt (Note 13)	**221,056,255**	201,643,018
Contract liabilities (Note 12)	**183,957,303**	169,402,619
Total Current Liabilities	**1,657,404,413**	1,554,622,976
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**902,833,530**	850,811,991
Retirement benefit obligation (Note 19)	**74,300,261**	69,198,434
Deferred tax liabilities - net (Note 15)	**247,603,640**	177,285,689
Total Noncurrent Liabilities	**1,224,737,431**	1,097,296,114
Total Liabilities	**2,882,141,844**	2,651,919,090
Equity		
Capital stock (Note 14)	**2,490,933,825**	2,490,933,825
Additional paid-in capital (Note 14)	**1,931,178,758**	1,931,178,758
Retained earnings (Note 14)	**1,983,067,046**	1,834,803,085
Treasury shares	**(92,035,906)**	(70,618,247)
Cumulative unrealized loss on AFS investments and EIFVOCI	**(175,091,197)**	(194,659,340)
Remeasurement gain (loss) on retirement benefit obligation - net of tax	**(27,250,541)**	(27,250,541)
Remeasurement loss on retirement benefit obligation of an associate	**(347,343)**	(347,343)
Cumulative translation adjustment	**1,671,013**	6,498,274
Total Equity Attributable to Equity Holders of the Parent Company	**6,112,125,654**	5,970,538,471
Non-controlling interest (Note 17)	**3,283,567**	3,286,953
Total Equity	**6,115,409,221**	5,973,825,424
TOTAL LIABILITIES AND EQUITY	**₱8,997,551,066**	₱8,625,744,514

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
REVENUES		
Real estate sales	**₱168,186,191**	₱195,618,168
Sale of agricultural goods	**35,922,427**	5,843,677
Water service income	**6,220,186**	4,284,546
	210,328,805	205,746,391
COST AND EXPENSES		
Cost of real estate sales (Note 6)	**39,388,609**	40,660,169
Cost of agricultural goods sold (Notes 7)	**29,367,899**	2,451,886
Cost of water service income	**2,183,568**	1,483,413
	70,940,076	44,595,468
GROSS PROFIT	**139,388,728**	161,150,923
GENERAL, ADMINISTRATIVE AND SELLING EXPENSES (Note 18)	**68,828,283**	69,457,024
OTHER INCOME (EXPENSES)		
Share in net income (loss) of associates (Note 10)	**85,042,491**	87,652,803
Interest expense (Note 16)	**(5,431,688)**	(11,437,646)
Other income - net (Note 22)	**1,283,482**	6,918,717
	80,894,284	83,133,874
INCOME (LOSS) BEFORE INCOME TAX	**151,454,729**	174,827,773
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	**1,560,406**	1,434,243
Deferred	**1,630,362**	1,416,691
	3,190,768	2,850,934
NET INCOME (LOSS)	**₱148,263,961**	₱171,976,839

(Forward)

	For the Three Months Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on defined benefit plan - net of tax effect	**-**	(101,558)
Exchange differences in foreign currency translation	**(4,827,261)**	2,361,709
Net change in fair value of EIFVOCI and AFS investments	**19,568,143**	18,986,304
	14,740,882	21,246,455
TOTAL COMPREHENSIVE INCOME (LOSS)	**163,004,842**	193,223,294
Net income (loss) attributable to:		
Equity holders of the Parent Company (Note 14)	**148,267,347**	171,980,055
Non-controlling interests (Note 14)	**(3,386)**	(3,216)
	148,263,961	171,976,839
Total comprehensive income (loss) attributable to:		
Equity holders of the Parent Company (Note 14)	**163,008,229**	193,226,510
Non-controlling interests (Note 14)	**(3,386)**	(3,216)
	₱163,004,842	₱193,223,294
Basic earnings (loss) per share (Note 14)	**₱0.07**	₱0.07

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022, MARCH 31, 2021 AND DECEMBER 31, 2021

		Total Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock	Additional Paid-in Capital	Retained Earnings	Treasury shares	Fair Value Reserve of EIFVOCI	Remeasurement Gain (Loss) on Defined Benefit Plans of an associate	Remeasurement Gain (Loss) on Retirement Obligation	Cumulative Translation Adjustment	Total	**Non-controlling Interest**	**Total**
As of December 31, 2021	**2,490,933,825**	1,931,178,758	1,834,803,085	(70,618,247)	(194,659,340)	(347,343)	(27,250,541)	6,498,274	5,970,538,471	3,286,953	5,975,221,980
Net income	**-**	-	148,263,961		-	-		-	148,263,961	(3,386)	148,260,575
Other comprehensive income	**-**				19,568,143	-		(4,827,261)	14,740,882		14,740,882
Issuance of Capital Stock									-		-
Acquisition of new subsidiary		-	-						-		-
Treasury shares buyback	**-**	-	-	(21,417,659)					(21,417,659)		(21,417,659)
At March 31, 2022	**2,490,933,825**	1,931,178,758	1,983,067,046	(92,035,906)	(175,091,197)	(347,343)	(27,250,541)	1,671,013	6,112,125,654	3,283,567	6,116,805,777

		Total Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury shares**	**Fair Value Reserve of EIFVOCI**	**Remeasurement Gain (Loss) on Defined Benefit Plans of an associate**	**Remeasurement Gain (Loss) on Retirement Obligation**	**Cumulative Translation Adjustment**	**Total**	**Non-controlling Interest**	**Total**
At January 1, 2021	2,477,668,925	637,968,859	1,437,223,304	(21,236,419)	(258,483,688)	(731,525)	(25,293,809)	4,000,560	4,251,116,207	3,316,303	4,254,432,510
Net income	-	-	171,980,055	-	-	-	-	-	171,980,055	(3,216)	171,976,839
Other comprehensive income	-	-	-	-	18,986,304	-	(101,558)	2,361,709	21,246,455	-	21,246,455
Treasury shares buyback	-	-	-	(20,603,695)	-	-	-	-	(20,603,695)	-	(20,603,695)
At March 31, 2021	2,477,668,925	637,968,859	1,609,203,359	(41,840,114)	(239,497,384)	(731,525)	(25,395,367)	6,362,269	4,423,739,022	3,313,087	4,427,052,109

		Total Equity Attributable to Equity Holders of the Parent Company									
	Capital Stock	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury shares**	**Fair Value Reserve of EIFVOCI**	**Remeasurement Gain (Loss) on Defined Benefit Plans of an associate**	**Remeasurement Gain (Loss) on Retirement Obligation**	**Cumulative Translation Adjustment**	**Total**	**Non-controlling Interest**	**Total**
As of December 31, 2020	2,477,668,925	637,968,859	1,437,223,304	(21,236,419)	(258,483,688)	(731,525)	(25,293,809)	4,000,560	4,251,116,207	3,316,303	4,254,432,510
Net income	-	-	397,579,781		-	-		-	397,579,781	(29,350)	397,550,431
Other comprehensive income	-	-	-		63,824,348	384,182	(1,956,732)	2,497,714	64,749,512		64,749,512
Issuance of Capital Stock	13,264,900	1,293,209,899							1,306,474,799		1,306,474,799
Acquisition of new subsidiary		-	-						-		-
Treasury shares buyback	-	-	-	(49,381,828)					(49,381,828)		(49,381,828)
At December 31, 2021	2,490,933,825	1,931,178,758	1,834,803,085	(70,618,247)	(194,659,340)	(347,343)	(27,250,541)	6,498,274	5,970,538,471	3,286,953	5,973,825,424

See accompanying Notes to Consolidated Financial Statements.

A BROWN COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱151,454,729**	₱174,827,773
Adjustments for:		
(Gain) Loss on sale of PPE		
Share in net loss (income) of associates	**(85,042,491)**	(87,652,803)
Gain on bargain purchase		
Interest expense	**5,431,688**	11,437,646
Depreciation	**4,864,769**	7,967,376
Impairment loss		3,781,584
Interest income	**(693,126)**	(669,982)
Retirement benefits		2,051,229
Unrealized foreign exchange loss (gain)		
Operating income (loss) before working capital changes:	**76,015,570**	111,742,823
Decrease (increase) in:		
Receivables	**23,250,280**	19,298,244
Contract Assets	**50,755,758**	(76,431,021)
Inventories	**(48,724,622)**	(6,206,726)
Other current assets	**(82,501,425)**	(33,090,834)
Real estate held for sale	**(268,433,872)**	(35,959,588)
Other noncurrent asset		(655,632)
Increase (decrease) in:		
Accounts and other payables	**69,309,412**	8,547,060
Deposit from customers	**14,588,162**	1,038,292
Net cash from operations	**(165,740,737)**	(11,717,382)
Income tax paid		
Interest received	**693,126**	669,982
Net cash from operating activities	**(165,047,612)**	(11,047,400)

(Forward)

	For the Three Months Ended March 31	
	2022	2021
	(Unaudited)	(Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds fron sale of:		
Equity instrument at FVPL		
Property and equipment		
Additions/Deductions to:		
Equity instrument at FVOCI		(50,000)
Dividends received from associates	**80,000,000**	88,000,000
Property and equipment	**(16,303,146)**	(14,444,018)
Increase in other noncurrent asset	**15,335,319**	
Investment properties	**- 863,230.72** -	20,505,510
Increase in advances to a related party		
Net cash (used in) investing activities	**78,168,943**	53,000,472
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long term debt	**124,000,000**	1,614,400
Short-term debt		
Payments:		
Long term debt	**(59,120,209)**	(94,194,217)
Short-term debt	**(67,982,040)**	(17,627,000)
Issuance of Capital Stock		
Acquisition of treasury shares	**(21,417,659)**	(20,603,695)
Finance costs paid	**(23,678,419)**	(22,515,061)
Net cash from financing activities	**(48,198,327)**	(153,325,573)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		2,361,709
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(135,076,996)**	(109,010,792)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**1,277,986,644**	231,321,649
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**1,142,909,648**	122,310,857

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

A Brown Company, Inc. (the Parent Company or ABCI), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 21, 1966 as Bendana Brown Pizarro and Associates, Inc. to primarily engage in the business of property development and to invest in shares of stocks of listed companies. On December 28, 2012, upon amendment of Article IV of the Articles of Incorporation, approved among others that "That the term for which the Parent Company is to exist is extended for another fifty (50) years from and after the date of the expiration of the original corporate term on December 20, 2016".

The Parent Company is engaged in the business of real estate development in Cagayan de Oro City and Initao in Misamis Oriental, Tanay, Rizal; Valencia City, Bukidnon and Butuan City, Agusan del Norte.

The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE).

The principal place of business and registered office address of the Parent Company is Xavier Estates Uptown, Airport Road, Balulang, Cagayan de Oro City.

The Subsidiaries
The Parent Company, through its subsidiaries, also ventured into palm oil milling, power generation and holdings of investments. The following are the subsidiaries of the Parent Company:

A Brown Energy and Resources Development, Inc. (ABERDI)
ABERDI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on February 1, 2001 to primarily engage in the business of manufacturing and trading of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.

Palm Thermal Consolidated Holdings, Corp. (PTCHC)
PTCHC is a 100% owned subsidiary of the Parent Company registered with the SEC on November 22, 2010. Its primary purpose is to purchase, acquire, own, hold, lease, sell and convey properties of every kind and description, including land, buildings, factories and warehouses and machinery, equipment, the goodwill, shares of stock, equity, rights, and property of any person, firm, association, or corporation and other personal properties as may be necessary or incidental to the conduct of the corporate business and to pay cash, shares of its capital stock, debentures and other evidences of indebtedness, or other securities, as may be deemed expedient, for any business or property acquired by the corporation.

Blaze Capital Limited (BCL)
BCL is a 100% owned subsidiary of the Parent Company registered with BVI Financial Services Commission as a British Virgin Island (BVI) Business Company on August 8, 2011 under the BVI Business Companies Act 2004. Subject to the Act and any other BVI legislation, the Company has irrespective of corporate benefit (a) full capacity to carry on or

undertake any business or activity, do any act or enter into any transactions; and (b) for the purposes of (a), full rights, powers and privileges. Since its incorporation, BCL has not started its commercial operations.

Hydro Link Projects Corp. (HLPC)
HLPC is a 100% owned subsidiary of the Parent Company registered with the SEC on May 6, 2010. Its primary purpose is to engage in, conduct and carry on the business of developing, constructing, operating, repairing, and maintaining hydro-electrical plants and system and other power generating or converting stations, manufacture, operation and repair of related mechanical and electrical equipment. Since its incorporation, the Company has not started its commercial operations.

AB Bulk Water Company, Inc. (ABBWCI)
ABBWCI is a 100% owned subsidiary of the Parent Company registered with the SEC on March 31, 2015. ABBWCI was organized primarily to engage in the business of holding and providing rights to water to public utilities and cooperatives or in water distribution in the Municipality of Opol and related activities. Since its incorporation, ABBWCI has not started its commercial operations.

Masinloc Consolidated Power, Inc. (MCPI)
MCPI is a 49% owned subsidiary of the Parent Company registered with the SEC on July 4, 2007. MCPI was organized primarily to engage in, conduct and carry on the business of construction, planning, purchase, supply and sale of electricity. MCPI is registered under the Foreign Investments Act of 1991 on July 6, 2007. MCPI has not yet started its commercial operations.

Simple Homes Development, Inc. (SHDI)
SHDI is a 100% owned subsidiary of the Parent Company registered with the SEC on February 26, 1997. SHDI was organized primarily to invest in, purchase or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, and related activities. Since its incorporation, SHDI has not started its commercial operations.

Nakeen Corporation (NC)
NC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. Its primary purpose is to engage in the business of agriculture in all aspects, including but not limited to, the operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chicken and any and all other activities related to or incidental to the foregoing markets. NC is also engaged in selling palm seedlings and bunch.

Bonsai Agri Corporation (BAC)
BAC is a 100% owned subsidiary of the Parent Company through ABERDI registered with the SEC on February 2, 1997. BAC was organized to engage in business of agriculture in all aspect, including but not limited to operation of fishponds and fish pens, the raising of cattle, both large and small, the raising of hogs and chickens and all other activities related to or incidental to the foregoing, and to market, sell, or otherwise dispose of any produce and products in both local and foreign markets. Since its incorporation, the Company has not started its commercial operations.

Vires Energy Corporation (VEC)
VEC is a 99.995% owned subsidiary of the Parent Company registered with the SEC on March 11, 2015. It was organized primarily to operate, engage in, conduct and carry on the

business of exploring, developing, converting, producing, processing, and refining of power energy, fuel and/or any other source of power energy, including importation, handling, distributing and marketing at wholesale either within or outside the Philippines; to develop, manage, lease, and operate refineries for the power and fuel products or any other source of power energy; to enter into business undertaking to establish, develop, explore and operate business that will provide the technical manpower to persons and institutions engaged in aforesaid energy production; and in general to carry on and undertake such activities which may seem to the Company capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Company's property or rights. Since its incorporation, the Company has not started its commercial operations. VEC is a subsidiary effective June 18, 2020 (see Note 16).

Irradiation Solutions Inc. (ISI)
ISI is a 100% owned subsidiary of the Parent Company incorporated and registered with the SEC on January 4, 2021. ISI was organized in providing irradiation services for all types of goods e.g., food products and non-food products through exposing such goods to ionizing radiation such as gamma rays, x-rays, or accelerated electrons from electron beam machines.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group").

The accompanying consolidated financial statements have been prepared using the historical cost basis, except for EIFVPL and EIFVOCI that are carried at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company. All subsidiaries and associates also use ₱ as functional currency, except for BCL whose functional currency is US Dollar ($). All amounts are rounded off to the nearest Philippine Peso, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following financial accounting reliefs as issued and approved by the SEC in response to the COVID-19 pandemic:

a. Assessing if the transaction price includes a significant financing component discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D;
b. Treatment of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E; and,
c. Application of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost)*.

The Group has availed of the reliefs granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of the above PIC Q&As until December 31, 2023.

The details and the impact of the deferral of the above financial reporting reliefs are discussed in the Changes in Accounting Polices and Disclosures section.

The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards and interpretations of the Philippine Interpretations Committee, Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2022 and December 31, 2021.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and,
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and,
- The Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any NCI and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in OCI to profit or

loss or retained earnings, as appropriate.

The consolidated financial statements comprise the financial statements of the Parent Company and the following subsidiaries:

	Effective Percentage of Ownership (%)		
	2022	2021	2020
ABERDI	**100**	100	100
NC	**100**	100	100
BAC*	**100**	100	100
PTCHC	**100**	100	100
HLPC*	**100**	100	100
ABWCI*	**100**	100	100
BCL*	**100**	100	100
SHDI*	**100**	100	100
MCPI**	**49**	49	49
VEC*	**100**	100	100
ISI*	**100**	100	–

** pre-operating subsidiaries*
*** non-operating subsidiary*

NCI

NCI represents the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

NCI are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the NCI are allocated against the interests of the NCI even if this results to the NCI having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the NCI is recognized in equity of the parent in transactions where the NCI are acquired or sold without loss of control.

As at March 31, 2022 and December 31, 2021, percentage of NCI pertaining to MCPI amounted to 51%. The voting rights held by the NCI are in proportion of their ownership interest.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. As of the acquisition date, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any NCI in the acquiree. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any NCI in the acquiree. For each business combination, the acquirer has the option to measure the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When a business is acquired, the financial assets and financial liabilities assumed are assessed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9, *Financial Instruments*, either in consolidated statement of comprehensive income or as a charge to OCI. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the fair values of net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

A CGU to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit including the goodwill, with the recoverable amount of the unit. If the recoverable amount of the unit exceeds the carrying amount of the unit, the unit and the goodwill allocated to that unit shall be regarded as not impaired. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Group shall recognize the impairment loss. Impairment losses relating to goodwill cannot be reversed in subsequent periods.

The Group performs its impairment test of goodwill on an annual basis every December 31 or earlier whenever events or changes in circumstances indicate that goodwill may be impaired.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

The nature and impact of each new standard and amendment are described below:

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

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

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

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

  The Group adopted the amendment beginning April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

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

The Group adopted the amendments beginning January 1, 2021.

- Adoption of PIC Q&A 2020-02, *Treatment of Uninstalled Materials in the Determination of the*
  POC (Amendment to PIC Q&A 2018-12-E)

PIC Q&A 2020-02 was issued by PIC on December 15, 2020 and provides amendment on PIC Q&A 2018-12-E, *On Certain Materials Delivered on Site but not yet Installed*. The latter aims to provide guidance on the treatment of uninstalled materials in measuring the progress of the performance obligation. The PIC has concluded that in recognizing revenue using a cost-based input method, customized materials are to be included in the measurement of the progress of work while materials that are not customized shall be excluded.

The adoption of the Interpretation has no significant impact on the consolidated financial statements of the Group as the POC of the projects are determined based on the accomplishment and physical proportion of work done on the real estate which requires technical determination by the Group's specialist (project engineers).

- Adoption of PIC &A 2018-12-H, *Accounting for CUSA Charges*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. The PIC provides guidance on whether a real estate developer is acting as a principal or agent in goods and services that it delivers based on contract of lease with the tenants.

The Interpretation has no impact on the consolidated financial statements of the Group.

- Adoption of PIC Q&A 2020-05, *Accounting for Cancellation of Real Estate Sales* (Amendment to PIC Q&A 2018-14)

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach (Approach 3) where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively upon approval of the Financial Reporting Standards Council.

The adoption of the interpretation has no significant impact on the consolidated financial statements of the Group as its current accounting for real estate sales cancellation is in accordance with Approach 3. The Group records the repossessed inventory at cost and reverses in the period of cancellation the revenues and related costs previously recognized.

Standards Issued but Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

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

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.
  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

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

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

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

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

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

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopted*

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2023

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

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

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

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

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

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

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

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

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

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

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

Effective beginning on or after January 1, 2024

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

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than
January 1, 2024. The Parent is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

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

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

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued MC No. 14-2018 and MC No. 3-2019, respectively, providing reliefs to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the SEC issued MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023 as follows:

a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E

To assist real estate companies to finally adopt the said PIC and IFRIC pronouncements and enable them to fully comply with PFRS 15 and revert to full PFRS, the Commission en banc, in its meeting held on July 8, 2021, approved the amendment to the transitional provisions in the above MCs which would provide real estate companies the accounting policy option of applying either the full retrospective approach or modified retrospective approach when they apply the provisions of the PIC and IFRIC pronouncements.

The Group availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Group assessed that the impact would have been as follows:

a. The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell (CTS) might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, installment contracts receivable (ICR), provision for deferred income tax, deferred income tax asset or liability for all years presented, and the opening balance of retained earnings. The Group has yet to assess if the mismatch constitutes a significant financing component for its CTSs.

b. The exclusion of land in the determination of POC would have reduced the POC of real estate projects. Adoption of this guidance would have reduced revenue from real estate sales, cost of sales and ICR; increased real estate inventories and would have impacted deferred income tax asset or liability and provision for deferred income tax for all years presented, and the opening balance of retained earnings.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*)

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of PFRS 15, *Revenue from Contracts with Customers*. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23, *Borrowing Costs*, considering that these inventories are ready for their intended sale in their current condition.

On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

The Group opted to avail of the relief as provided by the SEC. Had the Group adopted the IFRIC agenda decision, borrowing costs capitalized to real estate inventories related to projects with pre-selling activities should have been expensed out in the period incurred.

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

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

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

  These amendments do not have any impact on the Group's consolidated financial statements.

Summary of Significant Accounting Policies
The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/noncurrent classification.

An asset is current when it is:
- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or,

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

<u>Fair Value Measurement</u>
The Group measures financial assets designated at FVOCI and financial assets at FVPL at fair value at each reporting date.

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

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

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether or not transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Cash
Cash includes cash on hand and in banks.

Financial Instruments - Initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Financial assets
(i) Initial recognition and measurement
Financial assets are recognized when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

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

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

The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

(ii) Subsequent measurement
The Group subsequently classifies its financial assets into the following measurement categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Losses arising from impairment are recognized in the consolidated statement of comprehensive income under "Provision for impairment".

The Group's financial assets at amortized cost include cash, receivables, receivables from related parties and refundable deposits included under "Other assets" in the consolidated statements of financial position (see Notes 4, 5, 8 and 12).

Financial assets at FVOCI (debt instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

As at March 31, 2022 and December 31, 2021, the Group's does not have debt instruments at FVOCI.

Financial assets designated at FVOCI (equity instruments). At initial recognition, an entity may make an irrevocable election to present in OCI subsequent changes in the fair value of an investment in an equity instrument within the scope of PFRS 9 that is neither held for trading (HFT) nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3 applies. The classification is determined on an instrument-by-instrument basis. The Group recognizes the unrealized gains and losses arising from the fair valuation of financial assets at FVOCI, net of tax, in the consolidated statement of comprehensive income as 'Net change in fair value of EIFVOCI'.

In applying that classification, a financial asset or financial liability is considered to be HFT if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near
term; or,
(b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or,
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Gains and losses on equity instruments designated at FVOCI are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the OCI is reclassified to 'Retained earnings' or any other appropriate equity account upon disposal. Dividends are recognized in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group includes equity instruments not HFT in this category. The Group made irrevocable election to present in OCI subsequent changes in the fair value of all the Group's investments in golf shares and unlisted shares of stock.

Financial assets at FVPL. Financial assets at FVPL are measured as at initial recognition unless these are measured at amortized cost or at FVOCI. Included in this classification are equity instruments HFT and debt instruments with contractual terms that do not represent SPPI on the principal amount outstanding. Financial assets held at FVPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of comprehensive income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of comprehensive income under ‘Unrealized gain (loss) on EIFVPL’.

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

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

The Group’s financial assets at FVPL include listed equity securities.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from The Group’s consolidated statement of financial position) when:

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

When the Group transfers its rights to receive cash flows from an asset or enters into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(iv) Impairment of financial assets

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

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

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Group applies a simplified approach in calculating ECLs for receivables. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For trade receivables, the Group has established a provision matrix that is based on its historical credit loss experience.

For ICR and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the
Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a
12-month or lifetime ECLs at each reporting date.

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

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Group’s investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the
Group from the time of origination.

Determining the stage for impairment. At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been an SICR when contractual payments are more than 90 days past due.

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

Write-off policy. The Group writes-off a financial asset, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Reclassifications of financial instruments. The Group reclassifies its financial assets when, and only when, there is a change in the business model for managing the financial assets. Reclassifications shall be applied prospectively by the Group and any previously recognized gains, losses or interest shall not be restated. The Group does not reclassify its financial liabilities.

<u>Financial liabilities</u>

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at FVPL
- Financial liabilities at amortized cost

Financial liabilities at FVPL. Financial liabilities at FVPL include financial liabilities that are HFT and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as HFT if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities that are HFT are recognized in the consolidated statement of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVPL.

Financial liabilities at amortized cost. This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost under the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest in the consolidated statement of comprehensive income.

The Group's financial liabilities measured at amortized cost as of March 31, 2022 and December 31, 2021 includes the following (see Notes 11 and 13):
- Short-term debt
- Long-term debt
- Accounts and other payables (excluding statutory payables)

Short-term debt and long-term debt are raised for support of short and long-term funding of operations. They are recognized at proceeds received, net of direct issue costs. Finance charges are recognized as "Interest expense" in the consolidated statement of comprehensive income on an accrual basis using the EIR method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Accounts and other payables are initially recognized at fair value and subsequently measured at amortized cost, using EIR method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period, or when the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as noncurrent liabilities.

(iii) Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

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

Real Estate Inventories
Real estate inventories consists of subdivision land and residential houses and lots for sale and development initially recorded at cost. Subsequent to initial recognition, these are valued at the lower of cost and net realizable value (NRV). Cost includes the acquisition cost of the land plus all costs incurred directly attributable to the construction and development of the properties. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the

extent that these are expected to be recovered in the future. Repossessed real estate inventories are recorded at original cost.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost of completion and estimated costs necessary to make the sale. Valuation allowance is provided for real estate held for sale when the NRV of the properties are less than their carrying amounts. Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale while the asset, which includes real estate inventories, is being constructed are capitalized as part of the cost of that asset.

Capitalization of borrowing cost should commence when: (i) expenditures for the asset and borrowing costs are being incurred; and, (ii) activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when the asset is substantially ready for its intended use or sale. For borrowing associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowing is used. All other borrowing costs are expensed as incurred.

Other inventories

Other inventories pertain to finished agricultural goods, construction materials and agricultural materials and supplies which are measured at the lower of cost and NRV. At each reporting date, other inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its NRV. The impairment loss is recognized immediately in profit or loss. Provision for inventory losses is established for estimated losses on other inventories which are determined based on specific identification of slow-moving, damaged, and obsolete inventories.

Agricultural produce

Agricultural produce is the harvested product of the Group’s bearer plants. A harvest occurs when agricultural produce is either detached from the bearer plant or when a bearer plant’s life processes cease. The Group’s agricultural produce (e.g. fresh fruit bunches, under other inventories) are measured at fair value less estimated costs to sell at the time of harvest. The Group uses the future selling prices and gross margin of finished goods, adjusted to remove the margin associated to further processing, less future growing cost as the basis of fair value. The Group’s harvested produce to be used in processed products are measured at fair value at the point of harvest based on the estimated selling prices reduced by cost to sell and adjusted for margin associated to further processing.

Finished agricultural goods
Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion include raw materials, direct labor and overhead costs. NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Construction materials and agricultural materials and supplies
Construction materials and agricultural materials and supplies are valued at the lower of cost or NRV. Cost is determined using the moving average method. NRV is the replacement cost.

Deposits for Purchased Land
This represents deposits made to landowners for the purchase of certain parcels of land which are intended to be held for sale or development in the future. The Group normally makes deposits before a contract to sell is executed between the Group and the landowner. These are recognized at cost. The sales contracts are expected to be executed within one year or the entity's normal operating cycle, whichever is longer.

Prepayments
Prepayments represent expenses not yet incurred but already paid. Prepayments are initially recorded as assets and measured at the amount paid. Subsequently, these are charged to the consolidated statement of comprehensive income as they are consumed in operations or expire with the passage of time. Prepayments are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year or the entity's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as noncurrent assets.

Investments in Associates
An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investments in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized and is not tested for impairment separately.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of comprehensive income outside operating profit as 'Equity in net earnings of associates'. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share to the extent of the interest in associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in consolidated statement of comprehensive income.

Investment Property
Investment property consists of land, building, and land improvements which currently held either to earn rental or for capital appreciation or for both, but not for sale in the ordinary course of business or use in the supply of services or for administrative purpose. These properties are initially recognized at fair value plus directly attributable cost incurred such as legal fees, transfer taxes and other transaction costs. Subsequent to initial recognition, the building and improvements is carried at cost less accumulated depreciation and amortization and any impairment in value while the land is carried at cost less any impairment in value.

The carrying value of the asset, is reviewed for impairment when changes in circumstances indicate the carrying value, may not be recoverable. If any such indication exists, and where the carrying value exceeds the estimated recoverable amount, the asset is written down to its recoverable amount while impairment losses are recognized in the consolidated statement of comprehensive income.

Depreciation or amortization of an item of investment property begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the item is derecognized.

The Group depreciates and amortizes its land improvements using the straight-line method over the 10-30 years estimated useful lives.

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the use of property, plant and equipment.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

The 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 the asset is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment property and owner-occupied property do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Property, Plant and Equipment

Property, plant and equipment, except for land and construction in progress, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost, less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price including legal and brokerage fees, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as maintenance, repairs and costs of day-to-day servicing, are recognized in profit or loss 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, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

The Group classifies ROU assets as part of property, plant and equipment. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstance indicate that the carrying values may not be recoverable.

Depreciation or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5 and the date the item is derecognized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives, except for leasehold improvements and right-of-use assets, which are amortized over their estimated lives or term of the lease, whichever is shorter, and bearer plants, which are depreciated using units-of-production (UOP) method.

	Years
Refined bleached deodorized (RBD) and fractionation machineries	21
Building and improvements	10 - 30
Leasehold improvements	2 - 5 or lease term, whichever is shorter
Machineries and equipment	2 - 10
Right-of-use assets	17
Other equipment	2 - 10

The useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from the use of property, plant and equipment.

If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Group expects to consume an asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern. The Group shall account for the change prospectively as a change in an accounting estimate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

Construction in progress represents property, plant and equipment under construction or development and is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time the relevant assets are completed and is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized. When assets are retired or otherwise disposed of, both the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts while any resulting gain or loss is included in the consolidated statement of comprehensive income.

Bearer plants
Bearer plants pertain to the Group's palm oil trees used in the production or supply of fresh fruit bunches (FFB) as its agricultural produce and are expected to bear produce for more than twelve months and have a remote likelihood of being sold as a plant or harvested as agricultural produce, (except for incidental scrap sales).

Bearer plants are measured at cost less accumulated depreciation and any impairment in value. Bearer plants are presented as part of property, plant and equipment. Costs to grow include purchase cost of various chemicals and fertilizers, land preparation expenses and other direct costs necessary to cultivate such plants before they are brought into the location and condition necessary to be capable of operating in the manner intended by management.

UOP method is used for depreciating the bearer plants. Depreciation is charged according to units of FFB harvested over the estimated units of FFB to be harvested during the life of the bearer plants or remaining contract period, whichever is shorter. The Group estimates its total units of FFB to be harvested based on the average yield over which the bearer plants are expected to be available for use. In addition, the estimate is based on collective assessment of internal technical evaluation and experience. Changes in the estimated total units of FFB to be harvested may impact the depreciation of bearer plants.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's investments in associates, investment properties, property plant, and equipment and other assets excluding refundable deposits (see Notes 8, 9, 10, and 12).

The Group assesses at each reporting date whether there is an indication that an asset may be impaired when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's estimated recoverable amount is the higher of the asset's or cash generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying values exceed the estimated recoverable amount, the assets or CGUs are written down to their estimated recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses of continuing operations are directly charged or credited to operations in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its estimated recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is directly charged or credited to operations.

Equity

Capital stock and additional paid-in capital
Capital stock consists of common shares and preferred shares which are measured at par value for all shares issued. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends

are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

The retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Retained earnings
Retained earnings include all current and prior period results of operations, net of dividends declared and the effects of retrospective application of change s in accounting policies or restatements, if any. Dividends on common stock are recognized as a liability and deducted from equity when declared and approved by the BOD or shareholders of the Parent Company. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Other comprehensive income (loss)
Other comprehensive income (loss) comprises items of income and expense (including items previously presented under the consolidated statement of changes in equity) that are not recognized in the consolidated statement of comprehensive income for the year in accordance with PFRSs. Other comprehensive income (loss) of the Group includes fair value reserve of EIFVOCI, remeasurement gains (losses) on retirement obligation, remeasurement gains (losses) on defined benefit plan of an associate, and cumulative translation adjustment.

<u>Revenue and Cost Recognition</u>

Revenue from contracts with customers
The Group is primarily engaged in real estate development, production and sale of agricultural goods, and water services. Revenue from contracts with customers is recognized when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group has generally concluded that it is the principal in its revenue arrangements since it is the primary obligor in these revenue arrangements.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales. The Group derives its real estate revenue from sale of lots and developed residential house and lots. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using physical proportion of work done. This is based on the bi-monthly project accomplishment report prepared by the Group's in-house technical team approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the Group itself.

Buyer’s equity represents a certain percentage of buyer’s payments of total selling price that the buyer has paid the Group and it is at this collection level that the Group assesses that it is probable that the economic benefits will flow to the Group because of certainty of collection of the remaining balance of the selling price. This gives the buyer, a stake in the property, the level of which is sufficient enough to mitigate the risks of loss through default which would motivate the buyer to honor its obligations to the Group. Management regularly evaluates the historical cancellations and back-outs if it would still support its current collection threshold before commencing revenue recognition.

Any excess of progress of work over the right to an amount of consideration that is unconditional, is recognized under ‘Contract assets’ in the assets section of the consolidated statement of financial position.

Any excess of collections over the total of recognized ICR and contract assets are recognized under ‘Contract liabilities’ account in the liabilities section of the consolidated statement of financial position.

Cost of real estate sales. The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

In addition, the Group recognizes cost as an asset that gives rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Sale of agricultural goods. Revenue from sale of agricultural goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and acceptance by the buyer. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, noncash consideration, and consideration payable to the customer, if any.

Variable consideration - rights of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in PFRS 15 on constraining estimates of

variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

Cost of agricultural goods sold. Costs of sales include direct material costs, manufacturing expenses and monetary value of inventory adjustments. This is recognized upon delivery of the goods or when the control of the asset is transferred and when the cost is incurred, or the expense arises.

Water service, tapping fees, transfer fees and other water charges. Revenue is recognized over time as the customer receives and consumes the benefit from the performance of the related water services. Water services are billed every month. The Group recognizes revenue in the amount to which the Company has a right to invoice since the Group bills a fixed amount for every cubic meter of water delivered.

Income from forfeited deposits. Income from forfeited collections recorded under ‘Other income’ in the consolidated statement of comprehensive income is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Rental income. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the respective lease terms.

Interest income. Interest income is recognized as it accrues, taking into account the effective yield on the asset.

Other income. Other customer related fees such as penalties and surcharges are recognized as they accrue, taking into account the provisions of the related contract.

<u>Contract Balances</u>

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

Contract assets. A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group’s real estate sales, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. The amounts recognized as contract assets are reclassified to ICR when the monthly amortization of the customer is due for collection. It is recognized under ‘Receivables’ in the consolidated statement of financial position.

A receivable (e.g., ICR), represent the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of consideration is due).

Costs to obtain contract. The incremental costs of obtaining a contract with a customer are recognized under ‘Other current assets’ in the consolidated statement of financial position if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized over time using the POC method. Commission expense is included in the ‘General, administrative expenses and selling expenses’ account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining a contract with customer are not capitalized but are expensed as incurred.

Amortization, derecognition and impairment of capitalized costs to obtain a contract. The Group amortizes capitalized costs to obtain a contract as marketing expense under ‘General, administrative expenses and selling expenses’ account in the consolidated statement of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition.

Capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that costs to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

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

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Costs 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. Costs and expenses are generally recognized when the services are used, or the expense arises while interest expenses are accrued in the appropriate period.

This consist of general administrative expenses which constitute costs of administering the business and selling expenses which constitute commission on real estate sales and advertising expenses. General administrative and selling expenses (excluding amortization of capitalized costs to obtain contracts) are recognized as incurred.

Post-employment Benefits
Pension benefits are provided to employees through a defined benefit plan. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

The following comprise the defined benefit costs:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

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

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

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

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

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

A reassessment is made after inception of the lease only if one of the following applies:
(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised, or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specified asset; or,
(d) There is substantial change to the asset.

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

As Lessor. Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

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

Right-of-use assets are presented under ‘Property, plant and equipment’ in the consolidated statement of financial position and are subject to impairment.

Short-term leases. The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and transportation equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Taxes

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

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or,

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Creditable withholding taxes (CWT). CWT pertains to taxes withheld on income payments and may be applied against income tax due. The balance of taxes withheld is recovered in future period. The balance as of end of each reporting period represents the unutilized amount after deducting any income tax payable. Creditable withholding tax is stated at its realizable value.

Value-added tax (VAT). Revenues, expenses and assets are recognized net of amount of VAT, if applicable.

When VAT from provision of services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as output VAT under 'Accounts and other payables' in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from provision of services (output VAT), the excess is recognized as input taxes under 'Other current assets' in the consolidated statement of financial position up to the extent of the recoverable amount.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Deferred input VAT. Deferred input VAT represents portion of input VAT incurred and paid in connection from the purchase of a capital good whose acquisition cost exceeds of ₱1.0 million per month. Section 110(A) (1) of the NIRC so provides that the input tax on capital goods purchased or imported in a calendar month for use in trade or business shall be spread evenly over the month of acquisition and the 59 succeeding months, unless the expected useful life of the capital good is less than five years, in which case the input tax is amortized over such a shorter period. Pursuant to the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) law, this provision is applicable only until December 31, 2021. Deferred input VAT is stated at its realizable value.

Foreign Currencies

The Group's consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances. Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Group companies. The functional currency of BCL is the US Dollar. On consolidation, the assets and liabilities of foreign operations are translated into Philippine Peso (₱) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized under 'Cumulative translation adjustment' in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Basic and Diluted Earnings Per Share (EPS)

Basic EPS is computed by dividing net income attributable to equity holder of the Parent Company by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing net income attributable to equity holders of the Parent Company adjusted to any after-tax amounts of preference dividends by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares. The calculation of diluted EPS does not assume conversion, exercise or other issue of potential common shares that would have an antidilutive effect on earnings per share.

As of March 31, 2022 and December 31, 2021, the Group has no potentially dilutive common shares.

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on operating segments is presented in Note 18 to the consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingencies

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

Events After the Reporting Period
Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue. Post year-end events that provide additional information about the Group's financial position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates 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. Actual results could differ for such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Revenue from contracts with customers
The Group is primarily engaged in real estate sales and development, sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels, and water services. The Group accounts for all of the goods and services in each contract with customer as a single performance obligation capable of being distinct.

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Real estate revenue recognition. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of real estate property that would meet the requirements of PFRS 15; (b) assessment of the probability that the entity will collect the consideration from the buyer; (c) determination of the transaction price;
(d) application of the output method as the measure of progress in determining real estate revenue; and (e) determination of the actual costs incurred as cost of goods sold.

- *Identifying performance obligations*. The Group has various CTS covering subdivision land and residential houses and lots. The Group concluded that the goods and services transferred in each contract constitute a single performance obligation. In particular, the promised goods and services in contracts for the sale of property under development mainly include design work, procurement of materials and development of the property. Generally, the Group is responsible for all of these goods and services and the overall management of the project. Although these goods and services are capable of being distinct, Group accounts for them as a single performance obligation because they are not distinct in the context contract. The Group uses those goods and services as inputs and provides a significant service of integrating them into a combined output. Included also in this performance obligation is the Group's service to transfer the title of the real estate unit to the buyer.

- *Existence of a contract.* The Group's primary document for a contract with a customer for real estate sales is a signed CTS supported by other signed documentations such as reservation agreement, official receipts, buyers' amortization schedule and invoices and it met all the criteria to qualify as contract with a customer under PFRS 15.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age of receivables, and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs after considering the impact of coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

- *Revenue recognition method and measure of progress.* The Group concluded that revenue for real estate sales is to be recognized over time because: (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

  The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (project engineers).

  The Group requires a collection threshold of 10% of buyer's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Group.

Revenue recognition - sales of agricultural goods and water services. Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the entity will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint.
(d) recognition of revenue as the Group satisfies the performance obligation.

- *Identifying performance obligations*. The Group accounts for all of the goods or services in each contract with customer as a single performance obligation capable of being distinct.

- *Recognition of revenue as the Group satisfies the performance obligation of sale of agricultural goods and water services*. The Company concluded that the revenue for sale of palm oil and other palm products to be recognized at a point in time when the goods are delivered and water services to be recognized over time as the customer receives and consumes the benefit from the performance of the related water services and it has a present right to payment for the services rendered.

  In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold or services rendered.

- *Method to estimate variable consideration and assess constraint for agricultural goods*. The Group uses historical experience from the past 12 months to determine the expected value of rights to return and constrain the consideration accordingly. The Group updates its assessment of expected returns and refund liability. Estimates of expected returns are sensitive to changes in circumstances and the Group's past experience regarding returns may not be representative of customers' actual returns in the future. As at March 31, 2022 and December 31, 2021, no refund liability was recognized in the consolidated statements of financial position.

Definition of default and credit-impaired financial assets and contract assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative criteria*
  The customer is more than 90 days past due on its contractual payments, i.e. principal and/or interest, which is consistent with the regulatory definition of default.

- *Qualitative criteria*
  The customer meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
  - The borrower is experiencing financial difficulty or is insolvent;
  - The borrower is in breach of financial covenant(s);
  - An active market for that financial assets has disappeared because of financial difficulties;
  - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower's financial difficulty; or,
  - It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

An instrument is considered to be no longer in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of six months as it has exhibited a satisfactory track record. This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

In line with the impact of COVID-19, the collectability of accounts with customers continues to be closely monitored by the Group. A material change in the provision for impairment of trade receivables has not been identified.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Distinction between real estate inventories, investment properties and owner-occupied properties. The Group determines whether a property will be classified as real estate inventories, investment properties or owner-occupied properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate inventories) and whether the property generates cash flow largely independent of the other assets held by an entity.

Real estate inventories comprise of property that is held for sale in the ordinary course of business.
Principally, this is residential property that the Group develops and intends to sell before or on completion of construction. Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the

ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Owner-occupied properties classified and presented as property, plant and equipment, generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Determination of acquisition of group of assets as a business in accordance with PFRS 3. Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants.

On June 18, 2020, the Parent Company signed a share purchase agreement to acquire 99.995% ownership interest in VEC. The Group assessed that the acquired group of assets and liabilities constitute a business since VEC has existing inputs and substantive processes which together have the ability to contribute to the creation of outputs.

Significant influence on Palm Concepcion Power Corporation (PCPC), Peakpower Energy, Inc. (PEI) and East West Rail Transit Corporation (EWRTC). In determining whether the Group has significant influence over an investee requires significant judgment. Generally, a shareholding of 20% to 50% of the voting rights of an investee is presumed to give the Group a significant influence. The Group considers that it has significant influence over its investees when it has board representation which allows them to participate in the financial and operating policy decisions but is not control or joint control of those policies.

Evaluation and reassessment of control in MCPI. The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements*, when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities.

The Group controls an investee if and only if it has all the following:

a. power over the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and,
c. the ability to use its power over the investee to affect the amount of the investor's returns.

Ownership interest in MCPI represent 49%. The Group has control over MCPI considering that critical decision making position in deciding over the strategic policies and relevant activities of MCPI are occupied by the representatives of the Group.

Impairment of nonfinancial assets, excluding property, plant and equipment. The Group assesses impairment on investments in associates, investment properties, and other assets excluding refundable deposits and considers the following important indicators considering the impact of COVID-19 pandemic:

- Significant or prolonged decline in the fair value of the asset;
- Increase in market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value-in-use and decrease the asset's recoverable amount materially;

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business;
- Significant negative industry or economic trends; or,
- Significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment where the Group operates.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the remaining contract period or useful lives, if practicable, and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset base of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In March 31, 2022 and December 31, 2021, management has not identified any impairment indicators on the nonfinancial assets, excluding property, plant and equipment. The carrying values of the nonfinancial assets excluding property, plant and equipment follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets:		
Cash in banks (Note 4)	**₱1,126,921,623**	₱1,270,363,094
Receivables (Note 5)	**18,296,674**	486,385,603
Receivables from related parties	**-**	126,310,274
Refundable deposits	**43,471,619**	48,759,913
Contract assets (Notes 12)	**790,288,210**	670,027,456
	₱1,978,978,127	₱2,601,846,340

** Excluding refundable deposits*

Management's Use of Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue recognition on real estate projects. The Group's revenue recognition policy require management to make use of estimates and assumptions that may affect the reported amounts of revenues. The Group's revenue from real estate sales are recognized based on the POC which is measured principally on the basis of the estimated completion of a physical proportion of the contract work which requires technical determination by management's specialists (project engineers) and involves significant judgment and estimation. In view of the restricted mobility due to the coronavirus pandemic, the progress of the Group's performance obligation is affected which resulted to lower POC in 2021.

The Group also includes land in the calculation of POC since the Group availed the relief granted by the SEC under Memorandum Circular Nos. 14-2018 as of 2018 for the implementation issues of PFRS 15 affecting the real estate industry.

For the years ended March 31, 2022 and March 31, 2021, the real estate sales recognized over time amounted to ₱168 million and ₱195. million, respectively (see Note 20).

Provision for expected credit losses of receivables and contract assets. The Group uses a provision matrix to calculate ECLs for trade receivables other than ICRs. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and GDP rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.
The Group uses vintage analysis approach to calculate ECLs for ICRs and contract assets. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The Group considers an ICR and contract asset in default when the Group forfeits and repossesses the property from the customer through cancellation. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The PD is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating LGD, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under Republic Act 6552, *Realty Installment Buyer Act*, and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

The resulting recovery rate coming from the above process, resulted to zero LGD, thus resulting to no recognized impairment loss.

The Group has considered impact of COVID-19 pandemic and revised its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables and contract assets from sale of real estate during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

As at March 31, 2022 and December 31, 2021, the allowance for ECL recognized in the consolidated statements of financial position amounted to ₱4.3 million (see Note 5).

Estimating NRV of real estate inventories. The Group reviews the NRV of real estate inventories and compares it with the cost. Real estate inventories are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group having taken suitable external advice and in light of recent market transactions. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. In line with the impact of COVID-19, the Group experienced limited selling activities that resulted to lower sales in 2021. The estimates used took into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

The carrying values of real estate inventories amounted to ₱2,339 million and ₱2,090 million as of March 31, 2022 and December 31, 2021, respectively (see Note 6).

Estimating fair values of financial assets and liabilities. When the fair values of financial assets and liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

As at March 31, 2022 and December 31, 2021, the aggregate fair values of the financial assets amounted to ₱2,223.9 million and ₱2,280 million, respectively, and of the financial liabilities amounted to ₱2,207 million and ₱2,277 million, respectively (see Note 17).

Impairment of property, plant and equipment. The Group performs annual impairment review of property, plant and equipment. Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of the assets in order to determine the value of these assets. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. In addition, the assumptions may be subjected to higher level of estimation uncertainty due to the impact of COVID-19. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

In 2021 and 2020, the Group has assessed that its bearer plants has indications of impairment due to the palm oil plantation's bearer plants not reaching their optimal fruiting stages.

No additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying value of the bearer plants excluding the specific impairment as of March 31, 2022 and December 31, 2021. The recoverable amount was computed using discounted cash flows approach and considered certain assumptions which included the impact of COVID, such as future FFB production, FFB prices, direct costs, and discount rate.

Estimating total units of output for bearer plants. The Group estimates the total units of output for its bearer plants based on its average yield over which the bearer plants are expected to be available for use. The estimated total units of output are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the bearer plants, and in consideration of the lease term under the contracts providing the Group for the rights to use parcels of land. In addition, the estimate is based on collective assessment of internal technical evaluation and experience.

Post-employment defined benefit plan. The cost of defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

As of March 31, 2022 and December 31, 2021, the Group's retirement obligation amounted to ₱74.3 and ₱69.2 million, respectively.

Estimating realizability of deferred tax assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based upon the likely timing and level of future taxable profits determined from the tax planning strategies of the Group. This forecast is based on the Group's past results and future expectations on revenue and expenses.

4. **Cash**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand	**₱15,988,025**	₱7,623,550
Cash in banks	**1,126,921,623**	1,270,363,094
	₱1,142,909,648	₱1,277,986,644

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates. The Group earned interest from cash in banks amounting to ₱0.7 million and ₱0.6 million in March 31, 2022 and 2021, respectively.

5. **Receivables**

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)
ICR	₱	**269,491,954**	₱	228,685,223
Trade receivables		**34,434,064**		23,439,474
Dividend receivable (Note 10)		**130,000,000**		80,000,000
Advances to officers and employees		**2,932,511**		3,196,438
Other receivables		**374,658,867**		155,325,328
		811,517,396		490,646,463
Less allowance for credit losses		**4,260,860**		4,260,860
		807,256,536		486,385,603
Less noncurrent portion		**121,818,665**		46,999,426
	₱	**685,437,870**	₱	439,386,177

ICR consists of accounts collectible in equal monthly installments with various terms up to a maximum of two years, and bear interest ranging from 10% to 18% in 2022 and 2021. The ICRs are interest-bearing except for those with installment terms within two years. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers.

Trade receivables include receivables from water service and sale of palm oil and other palm products which are noninterest-bearing and are normally collected within seven (7) to sixty (60) days.

Dividend receivable pertains to the cash dividends declared by the associate, PCPC, which is due and demandable.

Advances to officers and employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one year.

Other receivables pertain to advances made to homeowners' association of one of the projects and nontrade receivables. These receivables are noninterest-bearing and are due within one (1) year.

6. **Real Estate Inventories**

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)
Land for sale and development	₱	**545,745,815**	₱	519,645,964
Construction and development costs		**1,793,192,780**		1,570,369,490
	₱	**2,338,938,595**	₱	2,090,015,454

The rollforward of this account follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of the year	**₱2,090,015,454**	₱1,573,049,067
Construction costs incurred	**268,433,872**	477,483,328
Borrowing costs capitalized (Note 16)	**18,246,731**	61,716,946
Depreciation expense capitalized (Note 12)	**1,631,148**	12,425,583
Purchase of land		34,588,513
Transfers from deposits for land acquisition (Note 8)		299,980,155
Transfers to investment properties (Note 11)		-149,537,684
Cost of real estate sales	**-39,388,609**	-219,690,454
Balance at the end of the year	**₱2,338,938,595**	₱2,090,015,454

The real estate inventories are carried at cost. No inventories are recorded at amounts lower than cost in March 31, 2022 and December 31, 2021.

Land for sale and development represents real estate subdivision projects in which the Group has been granted License to Sell (LTS) by the Department of Human Settlements and Urban Development. It also includes raw land inventories that are under development and those that are about to undergo development.

Construction and development costs incurred pertain to amounts paid to contractors and development costs in relation to the development of land and construction of housing units, capitalized borrowing costs and other costs directly attributable to bringing the real estate inventories to its intended condition.

Collateralized properties

Pursuant to the loan agreement, certain real estate inventories were collateralized in favor of the bank to secure the Group's short-term and long-term debts (see Note 16). As at March 31, 2022 and December 31, 2021, the carrying values of the collateralized real estate inventories amounted to ₱474.2 million .

7. **Other Inventories -** at cost

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Finished agricultural goods	**₱92,554,198**	₱88,261,898
Construction materials	**1,423,671**	86,267,235
Agricultural materials and other supplies	**1,627,435**	1,627,435
	₱95,605,304	₱176,156,568

Construction materials pertain to supplies used in the construction and development of the real estate projects.

Agricultural materials and other supplies pertain to fertilizers, fuel and oil and other consumables.

8. **Other Assets**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current:		
Deposits for purchased land	**₱236,249,115**	₱158,739,048
Creditable withholding taxes	**97,186,549**	97,573,712
Prepaid expenses	**77,430,918**	70,384,277
Costs to obtain contracts (Note 27)	**13,041,854**	12,725,634
Refundable deposits	**7,257,474**	7,462,263
Miscellaneous	**551,467**	721,284
	₱431,717,377	₱347,606,218

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Noncurrent:		
Advances to third party	**₱102,719,000**	₱202,718,999
Refundable deposits - net of current portion	**43,471,619**	41,297,650
Deferred input VAT	**49,054,841**	33,719,522
Goodwill	**43,007**	43,007
	₱195,288,468	₱277,779,178

Deposits for purchased land pertain to installment payments made by the Group to the sellers of lands where sales contracts have yet to be executed. The lands are intended to be held for sale and development in the future.

Creditable withholding taxes pertain to carry over of unapplied income tax credits and are recoverable and can be applied against the income tax payable in future periods.

Prepaid expenses consist mainly of prepaid supplies, employee benefits, rent, insurance and taxes and licenses which are applicable in the future period.

Costs to obtain contracts pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units. These capitalized costs are amortized as marketing expense under “General, administrative and selling expenses” in the consolidated statements of comprehensive income over the expected construction period using the POC following the pattern of real estate revenue recognition.

Advances to third party pertain to advances made by the Parent Company to potential joint venture partners for acceptable business projects. The advances are to be applied to the cost of the business project.

Deferred input VAT pertains to the input VAT from the purchase of a capital good whose acquisition cost exceeds ₱1.0 million. Section 110(A) (1) of the NIRC so provides that the input tax on capital goods purchased or imported in a calendar month for use in trade or business shall be spread evenly over the month of acquisition and the 59 succeeding months, unless the expected useful life of the capital good is less than five years, in which case the input tax is amortized over such a shorter period. Pursuant to the implementation of TRAIN law, this provision is applicable only until December 31, 2021.

Miscellaneous pertains to advances to suppliers and contractors.

9. Investments in Associates

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
PCPC	**₱1,102,522,990**	₱1,130,305,211
PEI	**401,006,570**	368,181,859
EWRTC	**53,512,844**	53,512,844
	₱1,557,042,405	₱1,551,999,914

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition cost, beginning and end of year	**₱1,105,595,917**	**₱1,105,595,917**
Accumulated equity in net earnings:		
Balances at beginning of year	**446,403,997**	**324,963,478**
Equity in net earnings	**85,042,491**	**273,498,337**
Dividends	**(80,000,000)**	**-152,442,000**
Equity in other comprehensive income (loss)	**-**	**384,182**
	451,446,488	**446,403,997**
	₱1,557,042,405	**₱1,551,999,914**

The Group's share in net income (loss) of its associates are shown below:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
PCPC	**₱52,217,779**	₱146,957,116
PEI	**32,824,711**	126,697,063
EWRTC	**0**	-155,842
	₱85,042,491	₱273,498,337

Investment in PCPC
The Group has 20% investment in PCPC. PCPC was registered with the SEC on December 18, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants. The Group accounts its investment in PCPC as investment in associate as it exercises significant influence over PCPC.

The following table sets out the summarized financial information of PCPC as of March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets	**₱2,774,430,448**	₱3,183,042,154
Noncurrent assets	**8,784,016,558**	8,911,628,206
Less liabilities		
Current liabilities	**1,268,754,087**	1,942,607,687
Noncurrent liabilities	**4,658,248,036**	4,781,706,684
Equity	**5,631,444,884**	5,370,355,989
Group's carrying amount of the investment	**₱1,102,522,990**	₱1,130,305,211

	For the Three Months Ended March 31	
	2022	2021
Revenue	**₱1,575,766,406**	₱1,197,230,675
Costs and expenses	**1,314,677,510**	925,808,655
Net income	**261,088,896**	271,422,020
Other comprehensive loss	**0**	0
Total comprehensive income	**₱261,088,896**	₱271,422,020

Investment in PEI
The Group has 20% investment in PEI. PEI was incorporated and registered with the SEC on February 19, 2013 primarily to purchase, acquire, own and hold shares of stock, equity, and property of energy companies. Through its subsidiaries, PEI's focus is to develop, construct, and operate diesel power plants in Mindanao to address the ongoing power shortages in the region.

The following table sets out the summarized financial information of PEI as of March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets	**₱527,283,729**	₱476,704,629
Noncurrent assets	**2,227,316,348**	2,244,115,776
Less liabilities		
Current liabilities	**239,510,839**	686,811,523
Noncurrent liabilities	**560,266,284**	247,808,068
Equity	**₱1,954,822,953**	₱1,786,200,814
Group's carrying amount of the investment	**₱401,006,570**	₱368,181,859

	For the Three Months Ended March 31	
	2022	**2021**
Revenue	**₱235,677,889**	₱234,320,607
Costs and expenses	**71,554,332**	67,432,051
Net income	**164,123,557**	166,888,556
Other comprehensive income	**-**	-
Total comprehensive income	**₱164,123,557**	₱166,888,556

Investment in EWRTC
The Group has 33.33% investment in EWRTC. The Consortium composed of EWRTC and Alloy MTD Group (represented by MTD Philippines Inc.) has submitted an unsolicited proposal to the Philippine National Railways (PNR) to build and then operate and maintain the East-West Rail Project. The East-West Rail Project is an integrated light rail mass transportation system and is intended to help alleviate the gap in the transportation infrastructure in the metropolis. This project is in line with the objective of the government to increase the ratio of rail transport systems to the rocketing ridership demand in Metro Manila and other major urban cities. The Project will involve the development, design, construction, supply, completion, testing, commissioning, and operation & maintenance of the East-West Rail Project that will traverse the corridor of Quezon Avenue in Quezon City and España Boulevard in Manila.

In 2020, the PNR has re-granted the Original Proponent Status (OPS) to the Consortium. The Project was endorsed again to the National Economic and Development Authority (NEDA) for evaluation and approval by the Investment Coordination Committee (ICC). As of December 31, 2021, the Consortium has completed and submitted the latest requirements of the ICC, including the Environmental Impact Statement. In 2021, the Consortium has secured local endorsements from the local government unit hosts. The Consortium continues to work on securing the Environmental Compliance Certificate and remains in active discussions with foreign entities for possible entry and investment in the project.The following table sets out the summarized financial information of EWRTC as of March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets		
Current assets	**₱39,573,270**	₱39,006,517
Noncurrent assets	**11,780,090**	11,611,380
Less liabilities		
Current liabilities	**467,401,992**	460,708,044
Capital deficiency	**-416,048,632**	-410,090,147
Group’s carrying amount of the investment	**₱53,512,844**	₱53,512,844

10. **Investment Properties and Property, Plant and Equipment**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment properties	**₱444,768,314**	₱449,402,314
Property, plant and equipment	**₱913,950,457**	₱921,133,741

Investment Properties
The account includes land held for capital appreciation amounting to ₱301.1 million as of March 31, 2022 and December 31, 2021; and land and building held for lease amounting to ₱148 million as of March 31, 2022 and December 31, 2021.

Property, Plant and Equipment
Property, plant and equipment includes land, leasehold improvements, bearer plants, refined bleached deodorized and fractionation machineries, buildings and improvements, machineries and equipment, construction in progress, right of use assets and other equipment.

No additional impairment was recognized by the Group for the remaining bearer plants since management estimated that the recoverable amount exceeds the carrying, excluding the specific impairment as of March 31, 2022. The recoverable amount was computed using discounted cash flows approach.
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11. **Accounts and Other Payables**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade payables	**₱602,851,946**	₱474,740,425
Accrued expenses	**204,918,087**	197,008,429
Retention payable	**12,083,959**	38,407,226
Statutory payables	**54,174,615**	27,076,973
Accrued interest payable (Notes 16 and 26)	**2,883,267**	2,883,267
	₱876,911,875	₱740,116,320

Trade payables are noninterest-bearing and are generally on a 30 to 60-day credit terms.

Accrued expenses pertain to contractual services, professional fees, rentals and other recurring expenses incurred by the Group.

Retention payable are noninterest-bearing and pertains to the amount withheld by the Group on contractor's billings to be settled upon completion of the relevant contracts within the year.

The retention serves as a holdout amount withheld from the contractor to cover for back charges that may arise from quality issues in affected projects.

Statutory payables pertain to dues from remittance to Social Security System, Philippine Health Insurance Corporation, Home Development Mutual Fund, and withholding taxes. These are noninterest-bearing and are normally settled within one year.

Accrued interest payable is normally settled within 30 days.

12. Contract Assets and Liabilities

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in POC, less reclassification to ICR.

The Group requires buyers of real estate units to pay a minimum percentage of the total contract price as reservation fee before the parties enter into a sale transaction. Payments from buyers which have not yet reached the buyer's equity to qualify for revenue recognition and excess of collections over the recognized receivables and contract assets based on POC are presented as "Contract liabilities" in the consolidated statements of financial position.

When the Group's current collection threshold is reached by the buyer, revenue is recognized, and these deposits and down payments are recorded as either ICR or contract asset depending on the right to demand collection. The excess of collections over the recognized revenue is applied against the receivables or contract assets in the succeeding years. The movement in contract liabilities is mainly due to the reservation sales and advance payments of buyers less real estate sales recognized upon reaching the collection threshold and from increase in POC.

The Group's contract assets and liabilities as at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current portion of contract assets	**₱258,642,753**	₱185,102,035
Noncurrent portion of contract assets	**531,645,457**	484,925,421
Contract assets	**790,288,210**	670,027,456
Contract liabilities	**₱183,957,303**	₱169,402,619

13. Loans Payable

Loans payable represents various secured and unsecured loans obtained from local financial institutions and shareholder to finance the Group's real estate development projects, working capital requirements and for general corporate purposes.

The Parent Company entered into loan agreements with the following banks: Union Bank of the Philippines (UBP), Development Bank of the Philippines (DBP), United Coconut Planters Bank (UCPB), China Bank Corporation (CBC), BPI Family Savings Bank (BPIF), May Bank Philippines (MBI), and Philippine Bank of Communication (PBCOM). The Parent Company also entered into loan agreements from a financial services company, Caterpillar Financial Services Phils. Inc. (CFSPI), from its affiliate, Brown Resources Corporation (BRC), and from a shareholder.

Short-term debt

Short-term debt represents peso loans obtained from local banks and shareholder for working capital and financing requirements. These loans, except loan from shareholder, bear annual interest rates ranging from 5.5% to 8.5% and 4.5% to 9.0% in 2021 and 2020, respectively, subject to semi-annual and quarterly repricing and are due at various dates within the following year from the reporting date. Loan from shareholder is on demand and noninterest-bearing.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
DBP	**₱143,630,500**	₱174,936,500
UBP	**100,000,000**	100,000,000
CBC	**75,000,000**	95,000,000
PBCOM	**33,000,000**	39,600,000
UCPB	**15,848,480**	25,924,520
Shareholder Loan - B (Note 15)	**8,000,000**	8,000,000
	₱375,478,980	₱443,461,020

Long-term debt

The long-term debt represents various loans obtained from local financial institutions and shareholder to finance the Parent Company’s real estate projects and for general corporate purposes.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
UBP	**₱559,496,610**	₱468,500,000
DBP	**260,000,000**	260,000,000
Shareholder Loan - A (Note 15)	**233,195,324**	240,404,064
UCPB	**43,851,000**	46,976,000
CBC	**24,462,582**	26,863,833
BPIF	**-**	6,415,428
CFSPI	**2,884,268**	3,295,684
	1,123,889,785	1,052,455,009
Less current portion	**221,056,255**	201,643,018
	₱902,833,530	₱850,811,991

Interest expense (excluding capitalized borrowing costs) recognized in the unaudited interim condensed consolidated statements of comprehensive income amounted to ₱23.8 million and ₱11.4 million for the three months ended March 31, 2022 and 2021, respectively.

Borrowing costs for the three months period ended March 31, 2022 and 2021 amounted to ₱18.2 million and ₱11.9 million, respectively, are capitalized as part of real estate inventories. The capitalization rate used to determine the borrowing costs eligible for capitalization is 4.43% and 6.34% for the three months period ended March 31, 2022 and 2021, respectively (see Note 5).

14. **Equity**

Common stock
As of March 31, 2022 and December 31, 2021, the Group's common stock consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<u>*Common*</u>		
Authorized shares	**3,250,000,000**	3,250,000,000
Par value per share	**1**	1
Issued shares	**2,477,668,925**	2,477,668,925
Outstanding shares	**2,373,467,911**	2,398,912,911
Value of shares issued	**2,398,897,919**	2,477,668,925

On October 12, 2017, the BOD approved the conversion of the Group's debt to Brownfield Holdings Incorporated amounting to ₱250,000,000 and deposits for future subscription of Valueleases, Inc. and RME Consulting, Inc. amounting to ₱200,000,000 to equity at ₱1.1 per share resulting to increase the number of issued shares by 398,230,088 shares.

On May 19, 2016, the Group declared stock dividends amounting to 346,573,104 shares for the stockholders of record as of February 10, 2017 and distributed 346,572,301 shares net of 803 fractional shares to the stockholders.

These stock transactions resulted to an increase in the Group's authorized and subscribed shares of capital stock of 1,300,000,000 and 744,802,389 common shares, respectively.

Preferred stock
On April 12, 2021, the BOD approved the amendment of the Articles of Incorporation of the Parent Company to reclassify and divide the authorized capital stock into: (i) 3,250,000,000 common shares with a par value of ₱1.0 per share; and (ii) 50,000,000 preferred shares with a par value of ₱1.0 per share.

On May 25, 2021, the BOD authorized the shelf registration of 50 million preferred shares, and the offer and sale of up to 15 million preferred shares at an offer price of ₱100.0 per share.

On October 5, 2021, the SEC approved the Company's proposal to create preferred shares by reclassifying its authorized capital stock from the current 3.3 billion common shares to 3.25 billion common shares and 50.0 million preferred shares.

On November 12, 2021, the Company secured the approval from PSE and SEC for the offer and sale of 15.0 million cumulative, non-voting, non-participating, non-convertible, redeemable "Series A" preferred shares at the option of the Parent Company. The "Series A" preference shares are entitled to fixed rate cash dividends at 7% per annum, payable quarterly in arrears on March 1, August 29 and November 29 each year. The offering allowed the Parent Company to raise ₱1.3 billion as new capital.

The details of the Parent Company's preferred stock as at March 31, 2022 follow:

Authorized shares	50,000,000
Par value per share	₱1.0

Issued shares	13,264,900
Outstanding shares	13,264,900
Value of shares issued	₱13,264,900

Record of Registration of Securities with the SEC
The Securities and Exchange Commission (SEC) issued the following orders related to the Group's registration of its securities which are offered to the public: SEC-BED Order No. 1179 issued on December 17, 1993 of 200.0 million shares at an issue price of ₱4.5 per share; SEC-BED Order No. 847 issued on August 15, 1994 of 230.0 million shares; and, SEC-CFD Order No. 64 issued on March 12, 1996 of 530.0 million shares.

There were 2,089 and 2,090 stockholders as of March 31, 2022 and December 31, 2021, respectively in the records of the transfer agent, Professional Stock Transfer, Inc. (PSTI).

The share price closed at ₱0.92 on March 31, 2022 and ₱0.79 on December 31, 2021.

Additional paid-in capital (APIC)
In relation to the issuance of preferred shares by the Parent Company in 2021, the Group has recognized APIC for the excess proceeds of subscriptions over the par value, net of transaction costs. Incremental costs directly attributable to the issue of new shares such as underwriter fees, legal fees, and other professional fees are presented in equity as a deduction from APIC amounting to
₱20.0 million, net of tax.

As of March 31, 2022 and December 31, 2021, APIC amounted to ₱2,023 million and ₱ 1,931.3 million, respectively.

Treasury shares
In 2016, the Group has acquired all of the unissued fractional shares arising from the stock dividend declaration in 2013, constituting an aggregate of 1,014 shares. These 1,014 shares were reflected as subscribed and issued shares and recognized as treasury shares at cost equal to par value of ₱1.

On August 17, 2020, the BOD of the Parent Company has approved the implementation of a share buyback program of up to ₱50.0 million worth of the Parent Company’s common shares. On May 25, 2021, the initial approved budget of the program has been extended from ₱50.0 million to ₱100.0 million as recommended and approved by the BOD.

In 2021, the Parent Company has bought back from the market a total of 78,756,014 shares or ₱70.6 million. These treasury shares are recorded at cost and are not entitled for dividends.

The movement in the Parent Company’s treasury shares follows:

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Shares	**Amount**	Shares	Amount
At January 1	**78,756,014**	**₱70,618,247**	25,664,014	₱21,236,419
Additions		**21,417,659**	53,092,000	49,381,828
At December 31	**78,756,014**	**₱92,035,906**	78,756,014	₱70,618,247

15. **Income Taxes**

Provision for (benefi from) current income tax pertains to regular corporate income tax (RCIT) and minimum corporate income tax (MCIT) as follows:

	For the Three Months Ended March 31	
	2022	2021
RCIT	**₱1,545,946**	₱1,415,904
MCIT	**69,956**	18,339
	₱1,434,243	₱1,434,243

The reconciliation of provision for income tax computed at the statutory tax rate to provision for income tax reported in the consolidated statements of comprehensive income follows:

	For the Three Months Ended March 31	
	2021	2021
Income before income tax	**₱151,454,729**	₱174,827,773
Provision for income tax computed at statutory rate	**37,863,682**	43,706,943
Adjustments for equity in net earnings of associates	**(21,260,623)**	(21,913,201)
Remeasurements to prior period taxes relating to changes in tax rates:		
Current income tax	**(3,143,693)**	(4,029,386)
Deferred income tax	**(18,385,180)**	(18,310,285)
Nondeductible expenses	**629,630**	3,501,604
Change in unrecognized deferred tax assets	**(89,832)**	(89,832)
Interest income already subjected to final tax	**(693,126)**	(14,909)
	(5,079,141)	₱2,850,934

The components of net deferred tax liabilities as of March 31, 2022 and December 31, 2021 follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax liabilities on:		
Excess of real estate sales based on over real estate sales based on tax rules	**-₱315,158,855**	-₱244,414,568
Prepaid commission	**-3,182,930**	-3,182,930
Unrealized foreign exchange gain	**-7,517**	-7,517
	-318,349,302	-247,605,015
Deferred tax assets on:		
NOLCO	**34,578,607**	32,996,584
Fair value adjustment arising from business combination	**13,301,338**	13,301,338
Retirement benefit liability	**8,782,346**	8,782,346
MCIT	**-**	1,386,523
Allowance for impairment on receivables	**698,549**	698,549
	57,360,840	57,165,340
In equity:		
Remeasurement loss on retirement benefit plan	**8,384,100**	8,384,100
NOLCO on preferred share issue costs recognized in APIC	**6,671,734**	6,671,734
Cumulative translation adjustment	**-1,671,013**	-1,901,848
	13,384,821	13,153,986
Deferred tax liabilities - net	**-₱247,603,640**	-₱177,285,689

The components of net deferred tax assets as of March 31, 2022 and December 31, 2021 follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Deferred tax assets on:		
APIC expense	**₱8,058,257**	
Allowance for impairment loss on property, plant and equipment	**9,658,022**	₱7,981,508
ROU asset	**1,539,539**	1,539,539
Retirement benefit obligation	**676,928**	676,928
Allowance for impairment on receivables	**366,665**	824,977
	20,299,411	11,022,952
In equity:		
Remeasurement loss on retirement benefit plan	**506,745**	506,745
Deferred tax assets	**₱20,806,156**	₱11,529,697

Unrecognized deferred tax assets
The Group has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized amounting to ₱34.6 million as of March 31, 2022 and December 31, 2021, respectively. These come from the following subsidiaries: ABERDI, BAC, PTCHC, ABBWCI, HLPC, SHDI, MCPI, VEC and ISI.

NOLCO. The details of NOLCO are as follow:

Year Incurred	Expiry Date	At December 31, 2020	Addition	Expired	At December 31, 2021
2018	December 31, 2021	₱54,814,014	₱–	(₱54,814,014)	₱–
2019	December 31, 2022	55,285,830	–	–	55,285,830
2020	December 31, 2025	41,586,606	–	–	41,586,606
2021	December 31, 2026	–	197,089,044	–	197,089,044
		₱151,686,450	₱197,089,044	(₱54,814,014)	₱293,961,480

MCIT. The details of excess MCIT are as follow:

Year Incurred	Expiry Date	At December 31, 2020	Addition	Expired	At December 31, 2021
2018	December 31, 2021	₱373,900	₱–	(₱373,900)	₱–
2019	December 31, 2022	304,879	–	–	304,879
2020	December 31, 2023	386,117		–	386,117
2021	December 31, 2024	–	1,536,172	–	1,536,172
		₱1,064,896	₱1,536,172	(₱373,900)	₱2,227,168

16. **Business Combination**

Acquisition of VEC

On June 18, 2020, the Parent Company signed a share purchase agreement with Argo Group Pte. Ltd., to acquire Argo Group Pte. Ltd.'s 99.995% ownership interest in VEC for a total consideration of
₱50.2 million pertaining to the transfer of the Parent Company's EIFVPL through a deed of assignment of shares.

The following are the fair values of the identifiable assets and liabilities assumed:

Assets:	
Cash	₱51,507
Receivables	1,674,693
Other current assets	1,537,086
Property and equipment (Note 12)	78,575,418
	81,838,704
Liabilities:	
Trade and other payables	29,009,627
Total net assets acquired	52,829,077
Acquisition cost	(50,170,000)
Gain on bargain purchase	₱2,659,077
Cash flow on acquisition:	
Cash acquired with the subsidiary	₱51,507

The valuation had not been completed by the date the financial statements were approved for issue by the BOD on April 23, 2021. The purchase price allocation resulted in gain on bargain purchase of ₱2.7 million which is presented under "Gain on bargain purchase" in the 2020 consolidated statement of comprehensive income. VEC was sold at a discount since Argo Group Pte. Ltd. is no longer interested in pursuing its liquified natural gas projects and was keen to divest its investment related to such.

The accounting for business combination was determined provisionally in 2020 as allowed by PFRS 3.

In 2021, the Group determined that the provisional amounts are final and that no adjustments shall be made in the consolidated financial statements.

17. **Financial Risk Management Objectives and Policies**

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities in relation to its financial instruments which include financial assets comprising cash, receivables (excluding advances to officers and employees), receivables from related parties, EIFVPL, EIFVOCI and refundable deposits included under "Other assets". This also includes financial liabilities comprising accounts and other payables (excluding statutory payables), short-term and long-term debts. The main types of risks are market risk (mainly interest rate and equity price risks), credit risk and liquidity risk which arise in the normal course of the Group's business activities.

The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principle. The management takes charge of the Group's overall risk management strategies and for approval of risk strategies and policies under the direction of the Group's BOD.

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.

There were no changes in the Group's financial risk management objectives and policies in 2022 and 2021.

The main risks arising from the use of financial instruments are credit risk, liquidity risk and interest rate risk. The Group's BOD reviews and agrees with policies for managing each of these risks. These are summarized below:

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.
The Group trades only with recognized, creditworthy third parties. The Group's receivables are monitored on an ongoing basis to manage exposure to bad debts and to ensure timely execution of necessary intervention efforts. The Group's debt financial assets are not subject to collateral and other credit enhancement except for real estate receivables. Real estate buyers are subject to standard credit check procedures, which are calibrated based on payment scheme offered. The Group's respective credit management units conduct a comprehensive credit investigation and evaluation of each buyer to establish creditworthiness.

In addition, the credit risk for ICRs is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject real estate property in case of refusal by the buyer to pay on time the due ICR. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%).

With respect to credit risk arising from the other debt financial assets of the Group, which comprise cash and due to a related party, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks which have demonstrated financial soundness for the past 5 years.

The Group's maximum exposure to credit risk is equal to the carrying values of its debt financial assets and contract assets except for ICRs as discussed above. The table below shows the credit quality and aging analysis of the Group's financial assets and contract assets:

The aging analysis per class of financial assets as at March 31, 2022 and December 31 is as follows:

March 31, 2022 (Unaudited)

		Neither Past	Past Due But not Impaired			
	Total	**Due nor Impaired**	**Less than 30 Days**	**30-60 Days**	**61-90 Days**	**More than 90 Days**
Financial assets:						
Cash in banks	**₱1,126,921,623**	**₱1,126,921,623**	**-**	**-**	**-**	**-**
Receivables	**18,296,674**	**414,506,204**	**₱5,967,736**	**₱4,750,551**	**₱1,517,939**	**₱252,872,802**
Receivables from related parties	**-**	**-**	**-**	**-**	**-**	**-**
Refundable deposits	**43,471,619**	**43,471,619**	**-**	**-**	**-**	**-**
Contract assets	**790,288,210**	**790,288,210**	**-**	**-**	**-**	**-**
	₱1,978,978,127	**₱2,375,187,657**	**₱5,967,736**	**₱4,750,551**	**₱1,517,939**	**₱252,872,802**

December 31, 2021 (Audited)

		Neither Past	Past Due But not Impaired			
	Total	Due nor Impaired	Less than 30 Days	30-60 Days	61-90 Days	More than 90 Days
Financial assets:						
Cash in banks	₱1,270,363,094	₱1,270,363,094	–	–	–	–
Receivables	492,479,713	405,134,428	₱2,780,662	₱2,313,202	₱1,339,901	₱74,817,410
Receivables from related parties	126,310,274	126,310,274	–	–	–	–
Refundable deposits	48,759,913	48,759,913	–	–	–	–
Contract assets	670,027,456	670,027,456	–	–	–	–
	₱2,707,940,451	₱2,529,966,941	₱4,560,386	₱3,556,569	₱2,199,063	₱163,396,632

The following are the details of the Group's assessment of credit quality and the related ECLs as at March 31, 2022 and December 31, 2021.

General approach

- *Cash* – These are of high quality as the amounts are deposited in reputable banks which have good bank standing and is considered to have low credit risk. Accordingly, management assessed that no ECL relating to the cash of the Group is recognized.

- *Receivables (except ICR and trade receivables), receivables from related parties and refundable deposits* – These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables and deposits of the Group is recognized. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

Simplified approach

- *ICR and contract assets* – These are high grade since these pertain to counterparties who have a very remote likelihood of default and have consistently exhibited good paying habits. Accordingly, management assessed that no ECL relating to these receivables of the Group is recognized. Exposure to bad debts is not significant as title to real estate properties are not transferred to the buyers until full payment has been made and the requirement for remedial procedures is minimal given the profile of buyers. This assessment is undertaken each financial year through examining the financial position of the counterparties and the markets in which they operate.

- *Trade receivables* – These are high grade since these pertain to receivables from customers who have established good credit standing with the Company. The Group applied the simplified approach under PFRS 9, using a 'provision matrix'. Accordingly, management assessed and recognized ECL relating to trade receivables amounting to nil and ₱2.8 million in 2021 and 2020, respectively. Trade receivables are regarded as short-term and while there are certain accounts that are past-due, the Group evaluates the credit risk with respect to trade receivables as low as there were no history of default payments.

For financial assets recognized on the consolidated satements of financial position, the gross exposure to credit risk equals their carrying amount except for ICR and contract assets where exposure to credit risk is not significant given that title of the real estate property is only transferred to the customer if the consideration had been fully paid.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed adequate by management to finance its operations and capital requirements and to mitigate the effects of fluctuations in cash flows. The Group considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Group's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt. As part of its liquidity risk management, it regularly evaluates its projected and actual cash flows.

The tables below summarize the Group's financial assets that can be used to manage its liquidity risk and the maturity profile of its financial liabilities as of March 31, 2022 and December 31, 2021 based on contractual undiscounted payments:

	March 31, 2022 (Unaudited)			
	On Demand	**One Year and Below**	**More than One Year**	**Total**
Financial Assets				
Cash	**₱1,126,921,623**			**₱1,277,986,644**
Receivables	**549,423,034**	**-₱652,945,025**	**₱121,818,665**	**18,296,674**
EIFVOCI	**-**	**-**	**258,979,596**	**239,411,453**
Refundable deposits	**-**	**7,462,263**	**36,009,356**	**43,471,619**
	1,676,344,657	**-645,482,762**	**416,807,618**	**1,579,166,391**
Financial Liabilities				
Accounts and other payables*	**164,547,452**	**658,189,808**	**-**	**822,737,260**
Short-term debt				
Principal	**8,000,000**	**367,478,980**	**-**	**375,478,980**
Interest	**-**	**25,282,499**	**-**	**28,091,666**
Long-term debt	**-**			
Principal	**-**	**221,056,255**	**902,833,530**	**1,123,889,785**
Interest	**-**	**12,821,263**	**52,183,778**	**65,005,041**
	172,547,452	**1,284,828,805**	**955,017,308**	**2,415,202,732**
Net Inflow (Outflow)	**₱1,503,797,205**	**-₱1,930,311,567**	**-₱538,209,691**	**-₱836,036,341**

	December 31, 2021 (Audited)			
	On Demand	One Year and Below	More than One Year	Total
Financial Assets				
Cash	₱1,277,986,644			₱1,277,986,644
Receivables	78,389,003	₱360,997,174	₱46,999,426	486,385,603
EIFVOCI	-	-	239,411,453	239,411,453
Receivables from related parties	126,310,275	-	-	126,310,275
Refundable deposits	-	7,462,263	41,297,650	48,759,913
	1,482,685,922	368,459,437	327,708,529	2,178,853,888
Financial Liabilities				
Accounts and other payables*	309,451,474	403,587,873	-	713,039,347
Short-term debt				
Principal	8,000,000	435,461,020	-	443,461,020
Interest	-	28,091,666	-	28,091,666
Long-term debt	-			
Principal	-	201,643,018	850,811,991	1,052,455,009
Interest	-	7,704,967	32,510,317	40,215,284
	317,451,474	1,076,488,544	883,322,308	2,277,262,326
Net Inflow (Outflow)	₱1,165,234,448	-₱708,029,107	-₱555,613,779	-₱98,408,438

** Excluding statutory payables amounting to ₱27,076,973.*
** Excluding statutory payables amounting to ₱30,436,046.*

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchanges rates, commodity prices, equity prices and other market changes.

The following table presents a comparison by category of carrying values and estimated fair values of the Group's financial instruments as at March 31, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Carrying Values	**Fair Values**	Carrying Values	Fair Values
Financial Assets				
Cash	**₱1,126,921,623**	**₱1,126,921,623**	₱1,277,986,644	₱1,277,986,644
Receivables	**18,296,674**	**18,296,674**	486,385,603	486,385,603
Receivables from related parties	**-**	**-**	126,310,274	126,310,274
EIFVOCI	**239,411,453**	**239,411,453**	239,411,453	239,411,453
Refundable deposits	**48,759,913**	**48,759,913**	48,759,913	48,759,913
	1,433,389,663	**1,433,389,663**	2,178,853,887	2,178,853,887
Financial Liabilities				
Accounts and other payables*	**822,737,260**	**822,737,260**	713,039,347	713,039,347
Short-term debt	**375,478,980**	**375,478,980**	443,461,020	443,461,020
Long-term debt	**1,123,889,785**	**1,123,889,785**	1,052,455,009	1,150,981,511
	₱2,322,106,025	**₱2,322,106,025**	₱2,208,955,376	₱2,307,481,878

** Excluding statutory payables amounting to ₱54,174,261 and ₱27,076,973 in 2022 and 2021, respectively.*

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

- *Cash, receivables (except ICR)*, *accounts and other payables and short term-debt*. The fair values approximate their carrying amounts as of reporting dates due to the short-term maturity of these financial instruments.

- *ICR*. The fair value of ICR due within one year approximates its carrying amount. Noncurrent portion of ICR are discounted using the applicable discount rates (Level 3 input).

- *Receivables from related parties*. Carrying amounts of receivables from related parties which are collectible on demand approximate their fair values. Receivables from related parties are unsecured and have no foreseeable terms of repayments.

- *EIFVOCI.* For unquoted equity securities, the fair value is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair values are determined based on average selling price of price per share of similar or identical assets traded in an active market (Level 3 input).

- *Refundable deposits*. The fair values of refundable deposits are not determinable since the timing of each refund is not reasonably predictable, hence presented at cost.

- *Long-term debt.* The fair value of borrowings with fixed interest rate is based on the discounted net present value of cash flows using the PH BVAL. Discount rates used range from 5.4% to 7.5% in 2021 and 2020. The Group classifies the fair value of its long-term debt under Level 3.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded
  fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value
  that are not based on observable market data.

As at March 31, 2022 and December 31, 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

18. **Segment Information**

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. Accordingly, the segment information is reported based on the nature of service the Group is providing.

The segments where the Group operate follow:

- Real estate development - Development of land into commercial and residential subdivision, sale of lots and residential houses and the provision of customer financing for sales;
- Agricultural - Development of land for palm oil production and sale of palm oil and other palm products including, but not limited to refined bleached deodorized oil, palm olein, crude palm oil, palm stearin, palm acid oil, palm fatty acid distillate, and palm kernels.
- Power and utilities - Operating of power plants and/or purchase, generation, production supply and sale of power. However, there was no commercial operations yet as of March 31, 2022.
- Holding - Holding of properties of every kind and description.
- Consumer - Provide irradiation services for all types of goods. However, there was no commercial operations yet as of March 31, 2022.

Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For the years ended March 31, 2022 and December 31, 2021, there were no revenue transactions with a single external customer which accounted for 10% or more of the consolidated revenue from external customers.

The financial information about the operations of these operating segments is summarized below (in thousands):

	For the Period Ended March 31, 2022					
	Real Estate Development	Agricultural	Power and Utilities	Holding	Eliminations	Consolidated
Revenue	174,406	35,922	-	-	-	210,328
Costs and expenses	41,572	29,368	-	-	-	70,940
Gross profit	132,834	6,554	-	-	-	139,388
General, administrative and selling expenses	(65,076)	(8,619)	(1,266)	(22)	722	(74,261)
Other income (expenses)	81,723	750	-	-	3,852	86,325
Income (loss) before income tax	149,481	(1,315)	(1,266)	(22)	4,574	151,452
Provision for (benefit from) income tax:						
Current	1,819	(259)	-	-	-	1,560
Deferred	1,565	66	-	-	-	1,631
	3,384	(193)	-	-	-	3,191
Net income (loss)	146,097	(1,122)	(1,266)	(22)	4,574	148,261
Net income attributable to:						
Owners of the Parent Company	146,097	(1,122)	(1,260)	(22)	4,568	148,261
Non-controlling interests	-	-	(6)	-	6	-
	146,097	(1,122)	(1,266)	(22)	4,574	148,261

	For the Period Ended March 31, 2022					
	Real Estate Development	Agricultural	Power and Utilities	Holding	Eliminations	Consolidated
Other information						
Segment assets	8,683,053	1,433,263	156,498	1,122,220	(2,439,982)	8,955,052
Deferred tax assets	58,920	9,027	2	8	(47,150)	20,807
Total Assets	8,741,973	1,442,290	156,500	1,122,228	(2,487,132)	8,975,859
Segment liabilities	2,528,965	1,313,937	89,655	846,397	(2,305,462)	2,473,492
Deferred tax liabilities	247,603	-	-	-	-	247,603
Total Liabilities	2,776,568	1,313,937	89,655	846,397	(2,305,462)	2,721,095

	For the Year Ended December 31, 2021						
	Real Estate Developme nt	Agricultural	Power and Utilities	Holding	Consumer	Eliminations	Consolidated
Revenue	653,289	56,980	–	–	–	–	710,269
Costs and expenses	-229,270	-42,017	–	–	–	–	-271,287
Gross profit	424,019	14,963	–	–	–	–	438,982
General, administrative and selling expenses	-198,979	-71,681	-4,362	-1,795	-9,743	3,769	-282,791
Other income (expenses)	146,618	1,596	273,661	79,994	5	-235,490	266,384
Income (loss) before income tax	371,658	-55,122	269,299	78,199	-9,738	-231,721	422,575
Provision for (benefit from) income tax	22,097	-1,043	–	–	–	2,660	23,714
Net income (loss)	349,561	-54,079	269,299	78,199	-9,738	-234,381	398,861
Net income attributable to:							
Owners of the Parent Company	349,561	-54,079	269,328	78,199	-9,738	-234,381	398,890
Non-controlling interests	–	–	-29	–	–	–	-29
	349,561	-54,079	269,299	78,199	-9,738	-234,381	398,861
Net income attributable to:							
Owners of the Parent Company		(54,079)	269,299	78,167	(9,738)	(234,349)	49,300
Non-controlling interests		-	-	(32)	-	32	-
		(54,079)	269,299	78,199	(9,738)	(234,381)	49,300

	As of December 31, 2021				
	Real Estate Development	Agricultural	Power and Utilities	Holding	
Other information					
Segment assets	8,456,142	1,209,774	1,529,346	1,121,523	93,809
Deferred tax assets	-	8,498		14	
Total Assets	8,456,142	1,218,272	1,529,346	1,121,537	93,809
Segment liabilities	2,413,454	1,137,237	41,679	845,257	78,546
Deferred tax liabilities	188,662	-	2	-	-
Total Liabilities	2,602,116	1,137,237	41,681	845,257	78,546

19. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities

	March 31, 2022 (Unaudited)				
	Beginning Balance	**Availments**	**Payments**	**Others**	**Ending Balance**
Short-term debt	**443,461,020**	**-**	**(67,982,040)**		**375,478,980**
Long-term debt	**1,052,455,009**	**124,000,000**	**(59,120,209)**	**6,554,985.00**	**1,123,889,785**
	1,495,916,029	**124,000,000**	**(127,102,249)**	**6,554,985**	**1,499,368,765**

	December 31, 2021 (Audited)				
	Beginning Balance	Availments	Payments	Others	Ending Balance
Short-term debt	414,177,400	157,065,000	-127,781,380	–	443,461,020
Long-term debt	820,856,568	547,171,200	-315,572,759	–	1,052,455,009
	1,235,033,968	704,236,200	-443,354,139	-	1,495,916,029

Others include reclassification of interest expense and capitalized borrowing costs.

The Group’s noncash investing and financing activities pertain to the following:
- Dividend receivable amounted to ₱80,0 million as of March 31, 2022 and December 31, 2021 respectively.
- In March 31, 2022 and March 31, 2021, capitalized borrowing cost amounted to ₱18.2 million and ₱11.4 million, respectively.

20. Revenue from Contracts with Customers

Revenue Disaggregation
The Group derives revenue from the transfer of services and goods over time and at a point in time, respectively, in different product types. The Group’s disaggregation of each sources of revenue from contracts with customers are presented below:

	For the Three Months Ended March 31	
	2021	**2021**
Type of product:		
Real estate sales		
Lot-only units	**₱113,103,419**	₱141,583,578
House and lot units	**55,082,772**	54,034,590
Water service	**6,220,186**	5,843,677
Sale of agricultural goods		
Crude palm oil	**33,029,911**	4,029,760
Palm stearin	**1,824,045**	
Palm acid oil	**528,320**	-
Palm kernel	**479,214**	
Palm olein	**60,938**	254,786
	₱210,328,805	₱205,746,391

The real estate sales and water service revenue are revenue from contracts with customers that are recognized over time while revenue from sale of agricultural goods are recognized at a point in time.

Contract Balances

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ICR	**₱685,437,870**	₱330,518,474
Current portion of contract assets	**258,642,753**	185,102,035
Noncurrent portion of contract assets	**121,818,665**	484,925,421
Costs to obtain contracts	**12,725,634**	12,725,634
Contract liabilities	**183,957,303**	169,402,619

ICR are from real estate sales which are collectible in equal monthly installments with various terms up to a maximum of two years, and bear interest ranging from 10% to 18% in 2021 and 2020. The transfer certificates of title remain in the possession of the Group until full payment has been made by the customers

Contract assets represent the right to consideration that was already delivered by the Group in excess of the amount recognized as ICR. This is reclassified as ICR when the monthly amortization of the customer is already demandable for collection or when the remaining balance of the total contract price once the equity payments have been settled by the customer is already collectible for collection from the bank for real estate sales under bank financing. The movement in contract asset is mainly due to new real estate sales contract recognized during the period and increase in percentage of completion, less reclassification to ICR.

Cost to obtain contract are derecognized if sales are subsequently cancelled. The balances below pertain to the costs to obtain contracts:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance Beginning	**₱12,725,634**	₱16,005,309
Additions	**3,725,184**	44,428,940
Amortization	**-3,408,964**	-47,708,615
Balance Ending	**₱13,041,854**	₱12,725,634

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on percentage of completion. The movement in contract liability is mainly due to sales reservations and advance payments of buyers less real estate sales recognized upon reaching the buyer's equity and from increase in POC.

Performance Obligation
Information about the Parent Company's significant performance obligation is summarized below:

Real estate sales
The Parent Company entered into contracts to sell with one identified performance obligation, which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration. The sale of real estate unit may cover the contract for either the (i) serviced lot; (ii), and service lot and house and the Parent Company concluded that there is one performance obligation in each of these contracts. The Parent Company recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under various financing schemes entered with the customer. The financing scheme would include payments of 10% to 25% of the contract price spread over a certain period (e.g., three months to four years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to fifteen (15) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The remaining performance obligation is expected to be recognized within one year which relate to the continuous development of the Group's real estate projects. The Group's real estate projects are completed within 6 months to 12 months, from start of construction.

21. Other Matters

Impasug-Ong and Kalabugao Plantations
The Group entered into a DC with KASAMAKA at the Municipality of Impasug-ong, Bukidnon concerning the development of palm oil commercial plantation on August 2006.

KASAMAKA had been granted with Community Based Forest Management Agreement (CBFMA) no. 55093, by the Department of Environment and National Resources (DENR) on December 22, 2000 covering an area of 2,510.80 hectares. Under the CBFMA, KASAMAKA is mandated to develop, manage and protect the allocated community forest project area. Moreover, it is allowed to enter into agreements or contracts with private or government entities for the development of the whole or portion of the CBFMA area.

The project's objectives are to establish approximately 894 hectares into a commercial palm plantation within 5 years (2006-2011). However, ABERDI may intercrop suitable agricultural crops in the plantation and raise livestock, the harvest and produce of which shall belong to ABERDI.

The responsibilities of KASAMAKA with regards to the project follow:

- To provide the land area of 894 hectares within CBFMA area for oil palm plantation; and,
- To provide manpower needs of the Group in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of ABERDI in regard to the project is to provide technical and financial resources to develop the 894 hectares into palm oil plantation for a period of 20 years up to 2026.

<u>Opol Plantation</u>
The Group entered into a DC for the establishment of palm oil commercial plantation in Tingalan, Opol, Misamis Oriental with KMBT.

KMBT has been granted CBFMA No. 56297 by DENR on December 31, 2000 covering a total area of 1,000 hectares of forest lands located in Tingalan, Opol, Misamis Oriental to develop, manage and protect the allocated Community Forest Project Area.

The roles and responsibilities of KMBT under the Development Contract are as follows:

- To provide the land area within the CBFMA for oil plantation; and,
- To provide manpower needs of NC in all developmental activities such as land preparation, planting, weeding, fertilization, harvesting, maintenance and others.

On the other hand, the responsibility of NC in regard to the project is to provide technical and financial resources to develop the covered area into palm oil plantation for a period of 25 years.

In 2019, the Group entered into a contract with the landowners' association in Tingalan, Opol, Misamis Oriental providing the landowners a royalty fee of ₱10.0 per metric ton of fresh fruit bunches harvested. The royalty fee is included as part of the costs of purchase of FFB recognized under "Other inventories - at cost" in the consolidated statements of financial position.

<u>COVID-19 Pandemic</u>
The declaration of COVID-19 by the World Health Organization (WHO) as a pandemic and declaration of nationwide state of calamity and implementation of community quarantine measures in various levels throughout the country has caused disruption in the Group's business activities. The Group has adjusted its operations in accordance with the required measures and safety protocols.

Construction and real estate development activities have resumed at various level of activities following safety protocols mandated by the national and local government.

A BROWN COMPANY, INC. AND SUBSIDIARIES

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Consolidated Statements of Comprehensive Income for the Years Ended
March 31, 2022 and December 31, 2021

Consolidated Statements of Changes in Equity for the Years Ended
March 31, 2022 and December 31, 2021

Consolidated Statements of Cash flows for the Years Ended
March 31, 2022 and December 31, 2021

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A BROWN COMPANY, INC. AND SUBSIDIARIES
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Annex III: Supplementary Schedules Required by Annex 68-J

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

A BROWN COMPANY, INC. AND SUBSIDIARIES
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
MARCH 31, 2022

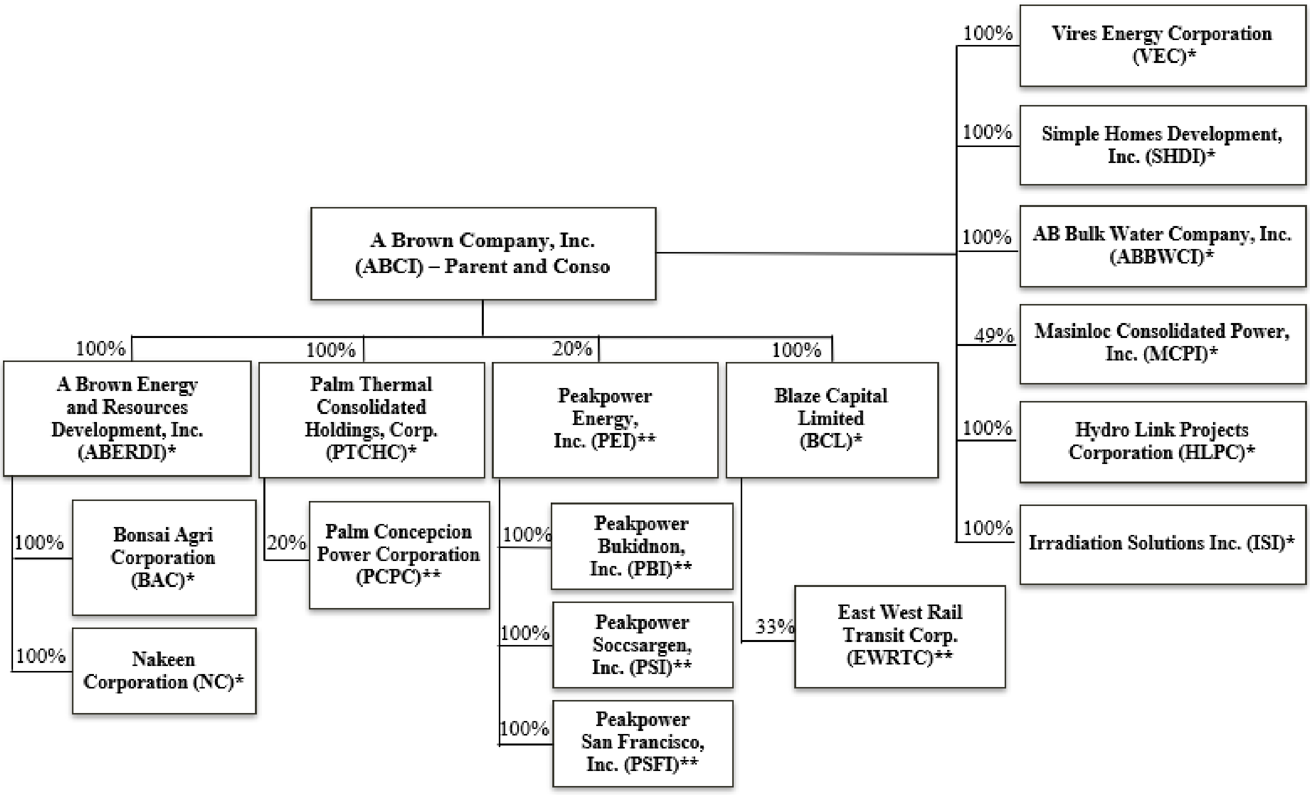
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		₱1,836,113,174
Add: Net income actually earned/realized during the period		
Net income during the period closed to Retained Earnings		148,263,961
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Add (Less):		
Treasury shares		-92,035,906
TOTAL RETAINED EARNINGS AVAILABLE FOR DIVIDEND		₱1,653,300,199

SCHEDULE II

A BROWN COMPANY, INC. AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES

MARCH 31, 2022



*Subsidiary

**Associate

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS
MARCH 31, 2022

	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statement of financial position	Income received or accrued
Cash	-	1,142,909,648	693,126
Receivables	-		
Dividend receivable	-	80,000,000	-
Trade receivable	-	34,434,064	-
ICR	-	269,491,954	224,498
Other receivables	-	318,726,900	-
EIFVPL	-	-	-
EIFVOCI	29,387,017	239,411,453	-
Receivables from related parties	-	-	-
Refundable deposits	-	43,471,619	-
	29,387,017	2,281,751,560	2,191,389

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
MARCH 31, 2022

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.						

A BROWN COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

MARCH 31, 2022

Intercompany receivable and payable

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱77,372,548	(₱64,266,324)	₱13,106,224
ABERDI	31,016,722	(10,558,867)	20,457,855
ABBWCI	−	(15,343,286)	(15,343,286)
SHDI	−	(1,735,548)	(1,735,548)
BAC	−	(1,471,572)	(1,471,572)
NC	20,955,947	(2,747,024)	18,208,923
BCL	−	(25,523,878)	(25,523,878)
ISI		(2,879,668)	(2,879,668)
VEC		(4,819,050)	(4,819,050)
Total Eliminated Receivables/Payables	₱129,345,217	(₱129,345,217)	₱−

Deposit for future stock subscription (DFFS) classified as liability

	Receivable Balance	Payable Balance	Current Portion
ABCI	₱22,733,773	-	₱22,733,773
ABERDI	27,397,991	(25,394,599.16)	2,003,391.51
ABBWCI	-	(15,358,211.19)	(15,358,211.19)
MCPI		(28,000.00)	(28,000.00)
SHDI	-	(1,853,754.81)	(1,853,754.81)
BAC	-	(1,597,124.14)	(1,597,124.14)
NC	21,644,800	(1,027,864.50)	20,616,935.45
BCL	-	(26,429,451.17)	(26,429,451.17)
ISI		-	-
VEC		(87,558.51)	(87,558.51)
Total Eliminated Receivables/Payables	₱71,776,563	-₱71,776,563	₱0

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
MARCH 31, 2022

Long-term Debt

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term debt" in related consolidated statement of financial position	Amount shown under caption "long-term debt" in related consolidated statement of financial position
Term Loan	1,956,073,049	221,056,255	902,833,530

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
MARCH 31, 2022

Indebtedness to related parties (Long-term loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period
Shareholders	₱246,959,050	₱233,195,324

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
MARCH 31, 2022

Guarantees of Securities of Other Issuers

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 file	Nature of guarantee
		Not applicable		

A BROWN COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
MARCH 31, 2022

	Number of shares			Number of shares held by		
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options warrants, conversion and other rights	Affiliates	Directors, officers and employees	Others
Common stock	3,250,000,000	2,398,912,911	–	1,351,556,468	215,189,848	832,166,595
Preferred stock	50,000,000	13,264,900	–	–	30,000	13,234,900
Total	3,300,000,000	2,412,177,811	–	1,351,556,468	215,219,848	845,401,495

A BROWN COMPANY, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2022

Below are the financial ratios that are relevant to the Group for the years ended March 31, 2022 and March 31, 2021.

Ratios	**Formula**	**March 31, 2022**	March 31, 2021
Current ratio	Current assets / Current liabilities	**2.99**	2.55
Acid test ratio	Quick assets / Current liabilities	**1.10**	0.84
Solvency ratio	Net income + Depreciation / Total liabilities	**0.05**	0.09
Debt to equity ratio	Total liabilities / Total equity	**0.47**	0.48
Asset to equity ratio	Total assets / Total equity	**1.47**	1.48
Interest rate coverage ratio	EBITDA / Total interest paid	**6.22**	8.63
Return on equity	Net income / Average total equity	**0.02**	0.04
Return on assets	Net income / Average total assets	**0.02**	0.03
Net profit margin	Net income / Net revenue	**0.70**	0.84

SCHEDULE IV

A BROWN COMPANY, INC. AND SUBSIDIARIES
SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING SECURITIES TO THE PUBLIC
(SERIES A - PREFERRED SHARES OFFERING)
FOR THE QUARTER AND AS OF THE PERIOD ENDED MARCH 31, 2022

The information below is in connection with the preferred shares issued by A Brown Company, Inc. and listed on the Philippine Stock Exchange on November 29, 2021.

1. Gross and net proceeds as disclosed in the final prospectus

	Base Offer	Oversubscription Option	Total
Gross proceeds	₱ 1,000,000,000	₱ 500,000,000	₱ 1,500,000,000
Net proceeds	₱ 972,206,809	₱ 494,126,842	₱ 1,466,333,651

2. Actual gross and net proceeds

Gross proceeds	₱ 1,326,490,000
Net proceeds	₱ 1,305,873,507

3. Each expenditure item where the proceeds were used

	As of December 31, 2021	For the Quarter - March 31, 2022	As of March 31, 2022
Development for Real Estate Projects	₱ -	₱ 183,850,132	₱ 183,850,132
Landbanking	74,021,844	68,542,134	142,563,978
Finance Future Funding Requirements for ISI	87,357,815	112,642,185	200,000,000
General Corporate Purposes	2,212,760	89,056,877	91,269,637
Total	₱ 163,592,419	₱ 454,091,328	₱ 617,683,747

4. Balance of the proceeds as of March 31, 2022 ₱ 688,889,039

(includes ₱ 699,279 interest earned, net of tax as of the end of the period)