

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 quarterly period ended **March 31, 2021**
2. Commission identification number **CS201320778**
3. BIR Tax Identification No. **008-647-589-000**
4. **Century Pacific Food, Inc.**
Exact name of issuer as specified in its charter
5. **Pasig City, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **7/F Centerpoint Bldg., Julia Vargas Ave. Garnet Rd. Ortigas Center Pasig City, 1605**
Address of issuer's principal office Postal Code
8. **+632 - 8633 - 8555**
Issuer's telephone number, including area code
9. **Not Applicable**
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Common Stock P1 par value
Number of shares of common stock outstanding	3,542,258,595 Shares

11. Are any or all of the securities listed on a Stock Exchange?
Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Main Board of the Philippine Stock Exchange, Common Shares

12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes No
 - (b) has been subject to such filing requirements for the past ninety (90) days.
Yes No

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The unaudited interim consolidated financial statements of Century Pacific Food, Inc. and its wholly owned subsidiaries General Tuna Corporation, Snow Mountain Dairy Corporation, Allforward Warehousing Inc., Century Pacific Agricultural Ventures Inc., Century Pacific Food Packaging Ventures Inc., Century Pacific Seacrest Inc., General Odyssey Inc., Century Pacific Solar Inc., Centennial Global Corporation, Century International (China) Co Ltd, Century (Shanghai) Trading Co Ltd, Cindena Resources Ltd, and Century Pacific North America Enterprise Inc. (collectively, the “Company” or “CNPF”) as of and for the period ended March 31, 2021, and the comparative period in 2020 is attached to this 17-Q report, comprising of the following:

- 1.1 Consolidated Balance Sheets as of March 31, 2021 and December 31, 2020
- 1.2 Consolidated Statement of Income for the period ended March 31, 2021 and March 31, 2020
- 1.3 Consolidated Statement of Cash Flows for the period ended March 31, 2021 and March 31, 2020
- 1.4 Consolidated Statement of Changes in Shareholder’s Equity for the period ended March 31, 2021 and March 31, 2020
- 1.5 Notes to Consolidated Financial Statements for the period ended March 31, 2021

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (Based on the unaudited consolidated financial statements for the period ended March 31, 2021)

Business Overview

Century Pacific Food, Inc. (CNPF) is one of the largest branded food companies in the Philippines. It owns a portfolio of well-known and trusted brands in the canned and processed fish, canned meat, and dairy and mixes business segments. These brands include *Century Tuna*, *555*, *Blue Bay*, *Fresca*, *Argentina*, *Swift*, *Wow*, *Lucky 7*, *Angel*, *Birch Tree*, *Kaffe de Oro*, and *Home Pride*, which have established leading market positions locally and a growing presence abroad. CNPF exports its branded products overseas, particularly where there are huge Filipino communities such as the United States and the Middle East. The Company is also one of the Philippines’ largest exporters of original equipment manufacturer (OEM) tuna and coconut products.

CNPF traces its history from the Century Pacific Group, a focused branded food company for 40 years. Century Pacific Group began in 1978 when Mr. Ricardo S. Po established Century Canning Corporation as an exporter of canned tuna. In subsequent years, Century Canning Corporation then expanded and diversified into other food-related businesses. Establishing market leading positions, it built a multi-brand, multi-product portfolio catering to a broad and diverse customer base and supported this with a distribution infrastructure with nationwide reach, directly serving hundreds of thousands of retail outlets and food service companies.

In October 2013, the Po Family reorganized the Century Pacific Group to maximize business synergies and shareholder value. It incorporated CNPF, carving out the branded canned seafood, meat, dairy, mixes, and OEM tuna export businesses, folding them into CNPF. On January 1, 2014, CNPF commenced business operations under the new corporate set-up.

CNPF manages its food business through operating divisions and wholly-owned subsidiaries.

The canned and processed fish segment is CNPF's largest business segment. It produces and markets a variety mix of tuna, sardine, other fish, and seafood-based products under the *Century Tuna*, *555*, *Blue Bay*, *Fresca*, and *Lucky 7* brands.

The canned meat segment, CNPF's second largest segment, produces corned beef, meat loaf, luncheon meat, and other meat-based products which are sold under the *Argentina*, *Swift*, *555*, *Shanghai*, and *Wow* brands.

The dairy and mixes segment is comprised of products such as evaporated milk, condensed milk, full cream and fortified powdered milk, and all-purpose creamer under the *Angel* and *Birch Tree* brands, coffee mix under the *Kaffe de Oro* brand, and flavor mixes under the *Home Pride* brand.

The tuna export segment produces OEM canned tuna, pouched tuna, and vacuum-packed frozen tuna loin products for overseas markets including North America, Europe, Asia, Australia, and the Middle East.

The coconut segment, through wholly-owned subsidiary Century Pacific Agricultural Ventures, Inc., produces high value organic-certified and conventional coconut products for both export and domestic markets. These products include retail-packaged coconut water, organic virgin coconut oil, desiccated coconuts, coconut flour, and coconut milk. It currently also has other coconut-based products under development.

During 2016, CNPF acquired the license to the *Kamayán* trademark in North America, one of the top names in the U.S. market for shrimp paste – a popular condiment in Philippine cuisine locally known as *bagoong*. The Company also acquired distribution companies in China which sell *Century Tuna*, the leading canned tuna brand in China.

In May 2017, CNPF also acquired the Philippine license for *Hunt's*, the country's number one pork and beans brand. *Hunt's* product lineup currently includes pork and beans, tomato-based spaghetti sauce, tomato sauce, and marinade sauce.

In 2019, CNPF launched its own branded coconut cream under the *Coco Mama* brand, leveraging on the existing capabilities of its coconut OEM export business to further capitalize on the domestic market.

In 2020, the Company entered the meat-free market with the launch of the 'unMeat' brand - the first vegan meat alternative brand in the Philippines. The brand is rolled out in the retail and institutional markets in the Philippines and in international locations such as the USA, Singapore, China and the Middle East.

Results of Operations

- CNPF's consolidated net income after tax for the three months ended March 31, 2021, totaled P1.28 billion, representing a 24% growth versus the net income after tax of P1.04 billion reported during the first three months of 2020.
- Consolidated net revenue for the three months ended March 31, 2021, grew by 11% to P13.39 billion, despite a high comparable period last year. In particular, the Branded business, which

accounts for majority of total revenues, saw demand remain resilient - posting a 4% increase notwithstanding pandemic-related demand spikes during the same period last year.

- The Company's double-digit growth rate this quarter was achieved despite last year's high-base and the various macro-economic challenges. The essentials and staples nature of its portfolio has largely kept its performance resilient, and the faster re-opening in other countries has likewise benefitted the Company's export businesses.
- The Company is now in the midst of expanding its coconut facility by close to 50% and its meat facility by 20%, with further expansions along the way. Capacity investments are also partly supported by profits generated from lower tax rates – brought about by the implementation of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law.
- Over the last two years, CNPF has launched a number of innovations, the most recent of which include *Coco Mama Fresh Gata* – the Company's first foray into branded coconut, *Birch Tree Adult Fortified Boost* – a follow-up product to its fast-growing Birch Tree milk brand, *Century Tuna Yellowfin in Olive Oil* - a premium addition to its marine portfolio, and finally, *UnMeat* – CNPF's foray into plant-based.
- In terms of profitability, CNPF's gross profit margin for the period was up 60bps year-on-year, whilst EBITDA margins remained relatively flat versus same period last year. In the first quarter, CNPF's operating expenses were up 20% due to increased new product support. The Company also continues to spend on pandemic related-expenses and the purchase of vaccines amidst a program to vaccinate all employees and their dependents from COVID-19
- All-in-all, CNPF net income margins ended at 9.6% - up 100 bps versus same period last year

Financial Condition

The Company's financial stability and financial position as of March 31, 2021, is as follows:

- Cash and cash equivalents reached P2.08 billion as of March 31, 2021. Operating activities registered a P1.55 billion total inflow, primarily driven by improvements in profitability and working capital level. Net cash used in investing activities amounted to P443 million, while net cash used in financing activities was P261 million.
- Current ratio stood at 1.76 times as of end March 2021, comparing to end-2019's ratio of 1.74 times. The cash conversion cycle was shortened to 100 days from 104 days as of end-December 2020. As of end March 2021, accounts receivable and inventory days stood at 62 and 144 respectively, while accounts payable came in at 106 days. Net working capital to total assets ratio is measured at 0.32 times, stable versus end-2020's level of 0.34 times.
- Property, plant and equipment - net registered at P7.5 billion as of end March 2021. Capital expenditures for the first three months of the year totaled P445 million, consisting of the

installation of new equipment and machinery at the different manufacturing facilities of the Company.

- As of end March 2021, the Company's total interest-bearing debt amounted to P3.38 billion, all of which are due in the next 12 months.
- Total stockholders' equity grew by P1.26 billion from P21.44 billion as of end December 2020 to P22.69 billion as of end March 2021, representing mainly the net income earned during the three-month period ending March 31, 2021.
- Gearing ratio, measured as total interest-bearing debt over total equity, stood at 0.15 times as of end March 2021, lower compared to 0.16 times as of end December 2020. Net of cash available, net gearing is 0.06 times as of end March 2021 – lower than end-2020's 0.11 times.

Key Performance Indicators (KPIs)

	Unaudited Three Months Ended March 31, 2021	Unaudited Three Months Ended March 31, 2020
Gross Profit Margin	26%	26%
Before Tax Return on Sales	11%	11%
Return on Sales	10%	9%
Interest-Bearing Debt-to-Equity	0.15X	0.24X
Current Ratio	1.76X	2.17X

Notes:

1 *Gross Profit margin = Gross Profit / Net Revenue*

2 *Before Tax Return on Sales = Net Profit Before Tax / Net Revenue*

3 *Return on Sales = Net Profit After Tax / Net Revenue*

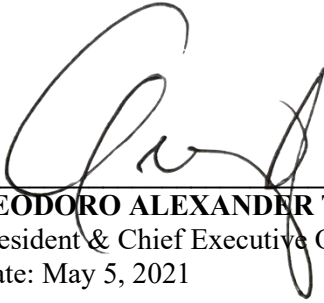
4 *Interest-Bearing Debt-to-Equity = Loans Payable / Total Stockholders' Equity*

5 *Current Ratio = Total Current Assets / Total Current Liabilities*

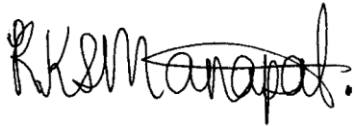
SIGNATURES

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

CENTURY PACIFIC FOOD, INC.



TEODORO ALEXANDER T. PO
President & Chief Executive Officer
Date: May 5, 2021



RICHARD KRISTOFFER S. MANAPAT
Vice President & Chief Finance Officer
Date: May 5, 2021

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in Philippine Peso)

	Notes	Unaudited March 31, 2021	Audited December 31, 2020
<u>Assets</u>			
Current Assets			
Cash and cash equivalents	5	2,077,105,938	1,229,381,273
Trade and Other Receivables - net	6	8,404,866,196	7,599,984,174
Inventories - net	7	14,723,139,725	14,313,100,885
Biological Assets		34,973,104	65,726,630
Due from Related Parties	13	330,424,115	280,788,885
Prepayments and other current assets	8	563,603,250	484,492,819
Total Current Assets		26,134,112,326	23,973,474,666
Property, plant & equipment - net	9	7,499,826,156	7,290,756,893
Right of use asset - net		698,812,928	678,300,084
Intangible Assets		3,442,897,652	3,448,276,612
Deferred Tax assets		632,809,087	752,107,229
Other non-current assets	10	224,232,381	133,450,144
Total Non-current Assets		12,498,578,203	12,302,890,962
Total Assets		38,632,690,529	36,276,365,628
<u>Liabilities & Stockholders' Equity</u>			
Liabilities			
Current Liabilities			
Trade and Other Payables	12	10,804,746,754	9,670,565,636
Due to Related Parties	13	77,829,590	75,894,675
Income Tax Payable		325,981,675	194,877,487
Finance Lease obligation - current		298,361,246	271,207,134
Notes Payable	11	3,383,466,680	3,533,466,680
Total Current Liabilities		14,890,385,945	13,746,011,613
Retirement Benefit Payable		579,150,161	618,902,329
Finance Lease obligation - non-current		460,583,564	465,842,247
Deferred Tax liability		9,398,845	9,398,845
Total Non Current Liabilities		1,049,132,571	1,094,143,422
Total Liabilities		15,939,518,516	14,840,155,035
Stockholders' Equity			
Share Capital	14	3,542,258,595	3,542,258,595
Share Premium		4,936,859,146	4,936,859,146
Currency translation adjustments		23,808,683	23,818,317
Retained Earnings		14,151,405,249	12,894,434,194
Share-based compensation reserve		8,211,398	8,211,398
Appraisal Increment / Other Reserves		30,628,942	30,628,942
Total Stockholders' Equity		22,693,172,013	21,436,210,593
Total Liabilities & Stockholders' Equity		38,632,690,529	36,276,365,628

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in Philippine Peso)

	Unaudited For the Three Months Ended March 31, 2021	Unaudited For the Three Months Ended March 31, 2020
Net Revenue	13,386,981,201	12,109,581,169
Cost of Good Sold	9,872,664,727	8,991,592,258
Gross Profit	3,514,316,474	3,117,988,911
Other Income (Expense)	80,527,202	39,932,844
Operating Expenses	2,047,129,937	1,709,616,103
Operating Income	1,547,713,739	1,448,305,652
Financing Cost	50,121,056	76,516,588
Net Profit before tax	1,497,592,684	1,371,789,064
Income Tax Expense (Benefit)	215,048,414	333,575,109
Net Profit after Tax	1,282,544,270	1,038,213,955
Other Comprehensive Income	(25,582,849)	89,920
Currency translation adjustments	(9,634)	89,920
Effect of remeasurement of retirement benefit obligations, net of tax	(25,573,215)	-
Total Comprehensive Income	1,256,961,420	1,038,303,875
Basic and Diluted Earnings Per Share	0.36	0.29

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED CHANGES IN EQUITY

(Amounts in Philippine Peso)

	Capital Stock	Additional Paid-in Capital	Deposit on Future Subs	Revaluation Reserves			Unappropriated Retained Earnings	Appropriated Retained Earnings	Total
				Shared Based	Reserves	Foreign Currency Translation Gain			
Balance at January 1, 2021									
As previously reported	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	23,818,317	9,282,282,908	3,612,151,286	21,436,210,593
Reversal of Appropriation							400,000,000	(400,000,000)	-
As stated	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	23,818,317	9,682,282,908	3,212,151,286	21,436,210,593
Total comprehensive income									
Net profit for the year							1,282,544,270		1,282,544,270
Foreign currency translation gain						(9,634)			(9,634)
Actuarial loss on post-employment benefit							(25,573,215)		(25,573,215)
Total other comprehensive income	-	-	-	-	-	(9,634)	1,256,971,055	-	1,256,961,420
Balance as of March 31, 2021	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	23,808,683	10,939,253,963	3,212,151,286	22,693,172,013
Balance at January 1, 2020									
As previously reported	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	25,440,484	9,252,403,696	1,358,515,486	19,154,317,748
As stated	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	25,440,484	9,252,403,696	1,358,515,486	19,154,317,748
Total comprehensive income									
Net profit for the year							1,038,213,955		1,038,213,955
Foreign currency translation gain						89,920			89,920
Total other comprehensive income	-	-	-	-	-	89,920	1,038,213,955	-	1,038,303,875
Other reserves									
Balance as of March 31, 2020	3,542,258,595	4,936,859,146	-	8,211,398	30,628,942	25,530,404	10,290,617,651	1,358,515,486	20,192,621,623

CENTURY PACIFIC FOOD, INC. AND SUBSIDIARIES

(A Subsidiary of Century Pacific Group Inc)

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in Philippine Peso)

	Unaudited	Unaudited
	For the Three Months Ended	For the Three Months Ended
	March 31, 2021	March 31, 2020
Cash Flows from Operating Activities		
Profit before tax	1,497,592,684	1,371,789,064
Adjustments for :		
Depreciation and amortization	301,391,048	237,928,119
Adjustments on Retirement Benefit Obligation	(25,573,215)	-
Adjustments on Foreign Currency Translation	(9,634)	89,920
Finance Costs	50,121,056	76,516,588
Operating cash flows before working capital changes	1,823,521,937	1,686,323,691
Decrease (increase) in trade and other receivables	(804,882,022)	(1,538,228,774)
Decrease (increase) in inventory	(379,285,313)	1,187,904,387
Decrease (increase) in related party	(47,700,315)	(10,256,778)
Decrease (increase) in prepayments and other current assets	(79,110,430)	(5,820,144)
Decrease (increase) in deferred tax asset	119,298,143	(637,680)
Decrease (increase) in non current assets	(90,782,237)	(81,039,042)
Increase (decrease) in trade and other payables	1,134,181,117	1,260,967,152
Increase (decrease) in income tax payables	131,104,188	333,575,109
Increase (decrease) in retirement payable	(39,752,168)	9,551,621
Cash generated from operations	1,766,592,900	2,842,339,543
Income taxes paid	(215,048,414)	(333,575,109)
Net Cash From Operating Activities	1,551,544,486	2,508,764,434
Cash Flows from Investing activities		
Acquisition of property and equipment	(445,478,603)	(539,978,373)
Disposal of property and equipment	2,709,052	8,254
Net Cash From (Used in) Investing Activities	(442,769,552)	(539,970,119)
Cash Flows from Financing Activities		
Proceeds (Repayment) of interest - bearing loans	(150,000,000)	(665,000,000)
Increase (decrease) in finance lease liability	(60,929,214)	(52,711,267)
Interest paid	(50,121,056)	(76,516,588)
Net Cash From (Used in) Financing Activities	(261,050,270)	(794,227,855)
Net Increase in cash and Cash Equivalents	847,724,665	1,174,566,460
Cash and Cash Equivalents at Beginning of Period	1,229,381,273	1,607,844,054
Cash and Cash Equivalents at End of Period	2,077,105,938	2,782,410,515

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Century Pacific Food, Inc. (the “Parent Company”) was incorporated and registered with the Philippine Security and Exchange Commission (SEC) on October 25, 2013. The Parent Company is primarily engaged in the business of buying and selling, processing, canning and packaging and manufacturing all kinds of food and food products, such as, but not limited to fish, seafood and other marine products, cattle, hog and other animals and animal products, fruits, vegetables and other agricultural crops and produce of land, including by-products thereof.

The Parent Company’s shares of stocks were listed in the Philippines Stock Exchange (PSE) on May 6, 2014 through initial public offering (IPO) and listing of 229.65 million shares in the PSE at a total value of P3.3 billion.

The Parent Company is 68.71% owned subsidiary of Century Pacific Group, Inc. (CPGI) the ultimate parent, as at March 31, 2021. CPGI is a corporation registered with SEC and is domiciled in the Philippines.

The Parent Company’s registered office and principal place of business, is located at 7th floor, Centerpoint Building, Julia Vargas St., Ortigas Center, Pasig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The consolidated financial statements of the Parent Company and its subsidiaries (the “Group”) have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy (BOA), and adopted by the SEC.

Basis of Preparation and Presentation

The consolidated financial statements have been prepared on the historical cost basis, except for:

- certain financial instruments carried at amortized cost;
- inventories carried at the lower of cost and net realizable value (NRV); and
- the retirement benefit obligation recognized as the net total of the present value of the defined benefit obligation less the fair value of plan assets.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2, *Share-based Payment*, leasing transactions that are within the scope of PFRS 16, *Leases* (PAS 17, *Leases* in 2018), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in PAS 2, *Inventories*, or value in use in PAS 36, *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional currency

The functional currency of Century Pacific Food, Inc. (CPFI), Snow Mountain Dairy Corporation (SMDC), Allforward Warehousing Inc. (AWI), Century Pacific Agricultural Ventures, Inc. (CPAVI), Century Pacific Seacrest Inc. (CPSI), Century Pacific Food Packaging Ventures, Inc. (CPFPVI), General Odyssey Inc. (GOI), Century Pacific Solar Inc (CPSolar) is Philippine Peso (PHP), the currency of the primary economic environment in which they operate. The functional currency of General Tuna Corporation (GTC) and Century Pacific North America (CPNA) is United States (US) Dollar, the currency of the primary economic environment in which they operate.

The functional currency of Century International (China) Co. Ltd. (CIC), Century (Shanghai) Trading Co. Ltd. (CST) and Cindena Resources Limited (CRL) is Chinese Yuan, the currency of the primary economic environment in which they operate.

Presentation currency

These consolidated financial statements are presented in Philippine Peso (PHP). The financial position and results of operations of GTC and CPNA were translated from US Dollar to PHP, and CIC, CST and CRL from Chinese Yuan to PHP, using the following procedures:

- assets and liabilities, except those assets presented at historical costs, for each statement of financial position presented, are presented at the closing rate at the date of that statement of

financial position;

- for each period presented, income and expenses recognized in the period by GTC, CPNA, CIC, CST and CRL are translated using either the rate at the date of the transaction or the average exchange rate at that period; and
- all resulting exchange differences are recognized in other comprehensive income (OCI) as currency translation adjustment.

All amounts are recorded in the nearest peso, except when otherwise indicated.

Subsidiaries

Details of the Company's subsidiaries as of March 31, 2021, are as follows:

Subsidiary	Business	% Ownership	Country of Residence
Snow Mountain Dairy Corporation (SMDC)	Producing, canning, freezing, preserving, refining, packing, buying and selling wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparation and by-products.	100	Philippines
General Tuna Corporation (GTC)	Manufacturing and exporting of OEM canned, pouched and frozen tuna products.	100	Philippines
Allforward Warehousing Inc. (AWI)	Operating warehouse facilities	100	Philippines
Century Pacific Agricultural Ventures, Inc. (CPAVI)	Manufacturing high value organic-certified and conventional coconut products for both export and domestic markets.	100	Philippines
Century Pacific Seacrest Inc. (CPSI)	Developing, maintaining, licensing and administering marks and all kinds of intellectual property	100	Philippines
Centennial Global Corporation (CGC)	Trademark holding company	100	BVI

Century Pacific Food Packaging Ventures, Inc. (CPFPVI)	Manufacturing tin cans and other packaging materials	100	Philippines
General Odyssey Inc (GOI)	Manufacturing and distribution of feeds	100	Philippines
Century Pacific Solar Inc (CP Solar) ¹	Development and utilization of renewable energy sources	100	Philippines
Century International (China) Company Limited (CIC)	Marketing and distribution of canned food products	100	China
Century (Shanghai) Trading Company Limited (CST)	Marketing and distribution of canned food products	100	China
Cindena Resources Limited (CRL)	Trademark holding company	100	BVI
Century Pacific North America Enterprise Inc. (CPNA)	Marketing and distribution of various food products	100	USA

The significant financial information on the financial statements of wholly-owned subsidiaries of the Parent Company are shown below. The summarized financial information represents amounts before intragroup eliminations.

CNPF

The significant stand-alone information on the financial statements of CNPF as at March 31, 2021 and December 31, 2020 are as follows:

CPFI

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	20,516,220,615	22,991,396,518
Non-current assets	12,011,173,687	11,938,797,616
Total assets	32,527,394,302	34,930,194,134
Current liabilities	14,733,809,956	17,609,271,677
Non-current liabilities	1,641,812,432	1,647,780,576
Total liabilities	16,375,622,389	19,257,052,253
Equity	16,151,771,913	15,673,141,881

SMDC

SMDC was incorporated in the Philippines and was registered with the Philippine SEC on February 14, 2001. SMDC is engaged in producing, canning, freezing, preserving, refining, packing, buying and selling at wholesale and retail, food products including all kinds of milk and dairy products, fruits and vegetable juices and other milk or dairy preparations and by-products. Its principal place of business is located at 32 Arturo Drive, Bagumbayan, Taguig City, Philippines.

The significant information on the financial statements of SMDC as at March 31, 2021, and December 31, 2020 are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	1,330,669,995	2,042,747,471
Non-current assets	635,760,811	652,236,210
Total assets	1,966,430,807	2,694,983,681
Current liabilities	154,313,419	505,108,396
Non-current liabilities	49,809,411	49,980,675
Total liabilities	204,122,830	555,089,071
Equity	1,762,307,977	2,139,894,610

GTC

GTC was incorporated in the Philippines and was registered with the Philippine SEC on March 10, 1997. GTC is presently engaged in manufacturing and exporting private label canned, pouched, and frozen tuna products. Its processing plant is located at Purok Lansong, Brgy. Tumbler, General Santos City, Philippines.

The significant information on the financial statements of GTC as at March 31, 2021, and December 31, 2020 are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	4,333,567,775	4,315,675,831
Non-current assets	1,298,227,268	1,265,275,471
Total assets	5,631,795,044	5,580,951,302
Current liabilities	2,776,496,430	2,760,934,265
Non-current liabilities	93,109,526	97,152,491
Total liabilities	2,869,605,956	2,858,086,756
Equity	2,762,189,087	2,722,864,547

AWI

AWI was incorporated in the Philippines and was registered with the Philippine SEC on October 3, 2014. AWI is engaged in the business of operating cold storage facilities, handling, leasing, maintaining, buying, selling, warehouse and storage facilities, including its equipment, forklift, conveyors, pallet towers and other related machineries, tools and equipment necessary in warehousing, and storage operation. Its principal place of business is located at Purok Lansong, Barangay Calumpang, General Santos City, Philippines.

The significant information on the financial statements of AWI as at March 31, 2021 and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	161,391,371	128,239,608
Non-current assets	553,425,069	559,208,676
Total assets	714,816,440	687,448,284
Current liabilities	45,567,090	18,081,486
Non-current liabilities	16,626,603	16,626,603
Total liabilities	62,193,693	34,708,089
Equity	652,622,747	652,740,195

CPAVI

CPAVI was incorporated in the Philippines and was registered with the Philippine SEC on August 29, 2012. CPAVI is engaged in the business of manufacturing and distributing all kinds of food and beverage products and other foodstuffs derived from fruits and other agricultural products. Its principal place of business is located at Purok Lansong, Barangay Tambler, General Santos City, Philippines.

On December 22, 2015, the Parent Company entered into a share purchase agreement with CPGI to acquire 100% equity interest in CPAVI for a total purchase price of P3,396,810,681. To facilitate the acquisition, the Parent Company availed of short-term loans of P2,250,000,000 from certain financial institutions. The agreement also provided for the Parent Company to advance to CPAVI a total amount of P1,103,189,333 for the latter to settle its advances to CPGI. The sale was completed when CPGI and the Parent Company signed the deed of absolute sale covering the CPAVI shares on December 29, 2015. On August 10, 2016, the SEC approved the increase in CPAVI's share capital from P350,000,000 to P1,500,000,000. On the same date, the advances of the Parent Company were converted to equity shares of stock.

The significant information on the financial statements of CPAVI as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	1,840,779,777	1,706,298,146
Non-current assets	2,202,037,021	2,147,422,899
Total assets	4,042,816,798	3,853,721,045
Current liabilities	563,720,094	516,740,257
Non-current liabilities	48,616,796	48,992,378
Total liabilities	612,336,891	565,732,635
Equity	3,430,479,907	3,287,988,410

CPSI

CPSI was incorporated in the Philippines and was registered with the Philippine SEC on November 13, 2015. CPSI is engaged in the business of developing and designing, acquiring, selling, transferring, exchanging, managing, licensing, franchising and generally in exercising all rights, powers and privileges of ownership or granting any right or privilege of ownership or any interest to label marks, devices, brands, trademark rights and all other forms of intellectual property, including the right to receive, collect and dispose of any and all payments, dividends, interests and income derived there from. On December 28, 2015, CPSI entered into a Trademark Purchase Agreement to purchase certain trademarks owned by CGC for a total consideration of P50,000,000. The trademarks purchased include brands such as "Century Tuna," "Argentina," "555," "Wow Ulam," "Birch Tree," "Fresca," "Lucky 7," and "Angel Evaporada," among others. Its principal place of business is located at 7th Floor, Centerpoint Building, J. Vargas Avenue Corner Garnet Road, Ortigas Center, Pasig City, Philippines.

The significant information on the financial statements of CPSI as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	421,494,146	110,932,793
Non-current assets	111,474,788	111,474,788
Total assets	532,968,934	222,407,581
Current liabilities	244,681,709	124,672,701
Total liabilities	244,681,709	124,672,701
Equity	288,287,225	97,734,880

CGC

CGC was incorporated in the British Virgin Islands (BVI) on November 13, 2006. CGC is a company limited by shares. On February 25, 2015, the Parent Company acquired 100% interest in CGC for \$100 or P4,438 from Shining Ray Limited, a wholly owned subsidiary of CPGI. CGC is the corporate vehicle that holds the various brands, trademarks, and related intellectual property of the Century Group of Companies. On December 28, 2015, CGC sold certain trademarks to CPSI for a total consideration of P50,000,000. CGC's registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and its registered agent is Offshore Incorporations Limited.

The significant information on the financial statements of CGC as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Total assets	50,004,439	50,004,439
Equity	50,004,439	50,004,439

CPFPVI

CPFPVI was incorporated in the Philippines and registered with Philippine SEC on June 29, 2016. CPFPVI is engaged in the business of manufacturing, processing, buying, selling, importing, exporting and dealing in all kinds of packaging products. Its registered place of business is located at Purok Lansong, Barangay Calumpang, General Santos City.

The significant information on the financial statements of CPFPVI as at March 31, 2021, and March 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	1,711,649,253	1,405,686,988
Non-current assets	793,504,451	802,117,723
Total assets	2,505,153,704	2,207,804,711
Current liabilities	724,182,887	620,069,260
Non-current liabilities	2,563,384	2,563,384
Total liabilities	726,746,271	622,632,644
Equity	1,778,407,433	1,585,172,067

GOI

GOI was incorporated in the Philippines and was registered with SEC on July 27, 2020. GOI is engaged in the business to buy and sell, process, can, pack, manufacture, market, produce, distribute, import and export, and deal in all kinds of feeds and for such purpose to acquire, construct, own, lease, charter, establish, maintain and operate stores, outlets, canneries, factories, plants, vessels, cold storage, refrigerators, refrigerated vehicles and vessels, warehouses, and other machineries, equipment's, apparatus and appliances as may be required. Its principal place of business is located at Centerpoint Building, J. Vargas Avenue corner Garnet Road, Ortigas Center, Pasig City, Philippines.

The significant information on the financial statements of GOI as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	1,004,363	1,000,000
Non-current assets	37,562	37,562
Total assets	1,041,925	1,037,562
Current liabilities	129,570	125,207
Total liabilities	129,570	125,207
Equity	912,355	912,355

CPSolar

CPSolar was incorporated in the Philippines and was registered with SEC on August 10, 2020. CPSolar is engaged in the business of exploration, development, and utilization of renewable energy sources, including the generation and distribution of power therefrom, planning, construction and installation, commissioning, owning, management and operation of relevant facilities and infrastructure thereof and processing and commercialization of by-products in its operations and to undertake such other powers and purposes as may be required. Its principal place of business is located at Purok Lansong Bgy Tambler General Santos City.

The significant information on the financial statements of CPSolar as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	59,179,115	2,012,021
Non-current assets	8,046,535	246,535
Total assets	67,225,650	2,258,557
Current liabilities	65,618,412	439,732
Total liabilities	65,618,412	439,732
Equity	1,607,238	1,818,825

CIC

CIC was incorporated in China and was registered on June 9, 2003. CIC is engaged in the selling of hardware and electrical apparatus, auto spare parts, building decoration materials and products, telecommunication equipment, stationery commodities, mechanical equipment, pre-package food; wholesales of beverage; development and sale of computer software and hardware; and consulting services. Its registered address is Room A3011, No. 70 Licheng Road, Pudong New Area, Shanghai, China.

The significant information on the financial statements of CIC as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	81,544,883	121,906,540
Non-current assets	598,134	623,603
Total assets	82,143,016	122,530,143
Current liabilities	131,987,823	168,451,977
Total liabilities	131,987,823	168,451,977
Equity	(49,844,807)	(45,921,834)

CST

CST was incorporated in China and was registered on August 24, 2005. CST is engaged in the wholesale, import and export of food, provision of ancillary services, relevant business consulting services subject to administrative approval and relevant authority. Its registered address is at Room 520A, No. 335 Changli Road, Pudong New District, Shanghai, China.

The significant information on the financial statements of CST as at March 31, 2021, and December 31, 2020 are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	34,254,671	35,770,934
Total assets	34,254,671	35,770,934
Current liabilities	330,921	693,294
Total liabilities	330,921	693,294
Equity	33,923,750	35,077,639

CRL

CRL was originally incorporated in the BVI under The International Business Companies Act (CAP.291) on March 27, 2002. CRL is engaged in the purchase or otherwise acquire and undertake the whole or any part of the business, goodwill, assets and liabilities of any person, firm or company, to import, export, buy, sell, exchange, barter, let on hire, distribute, and otherwise deal in and turn to account goods, materials, commodities, produce and merchandise generally in their prepared, manufactured, semi-manufactured and raw state, to enter into, carry on and participate in financial transactions and operations of all kinds and to manufacture, construct, assemble, design, repair, refine, develop, alter, convert, process, and otherwise produce materials, fuels, chemicals, substance and industrial, commercial and consumer products of all kinds. The Company was re-registered under the BVI Business Companies Act (No. 16 of 2004) on January 1, 2009, upon the compulsory implementation of the new Act. CRL's registered office is at P.O. Box 957, Offshore Incorporations Center, Road Town, Tortola, British Virgin Islands and its registered agent is Offshore Incorporations Limited.

The significant information on the financial statements of CRL as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Non-current assets	100	100
Total assets	100	100
Equity	100	100

On December 28, 2016, the Parent Company entered into an equity transfer agreement to acquire 100% ownership in CIC, CST, and CRL for the purchase consideration amounts of P65,156,584, P62,177,311 and P100 (equivalent to \$1,308,155, \$1,247,187 and \$2). Based on the equity transfer agreement, the equity transfer shall take legal effect upon issuance of Foreign Investment Enterprise approval certificate by the approval authority. The full consummation of the equity transfer shall take place after all of the closing conditions set forth in the transfer agreement have been satisfied.

On February 23, 2017, the Group obtained an updated business license for CST reflecting the Parent Company as CST's new registered owner. On March 8, 2017, the Group obtained a Certificate of Incumbency, issued by a BVI registered agent, attesting the change of management control in CRL to the Parent Company.

CPNA

CPNA was incorporated in the United States and was registered with the Secretary of State of California on April 20, 2017, as a domestic stock company type. CPNA is engaged in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporation Code. The agent for service process in this state is Vcorp Services CA, Inc. The registered address of CPNA is at 350 N. Glendale Avenue Ste B348, Glendale, California 91206. Its principal place of business is at 7th Floor, Centerpoint Building, J. Vargas Avenue Corner Garnet Road, Ortigas Center, Pasig City, Philippines.

On January 2, 2018, the Parent Company invested cash for the capital requirement of CPNA which amounted to P24,950,000

The significant information on the financial statements of CPNA as at March 31, 2021, and December 31, 2020, are as follows:

	As of March 31, 2021	As of December 31, 2020
Financial position:		
Current assets	447,639,128	401,080,534
Non-current assets	6,411,234	6,727,204
Total assets	454,050,362	407,807,738
Current liabilities	405,972,984	362,947,525
Total liabilities	405,972,984	362,947,525
Equity	48,077,378	44,860,213

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group adopted all accounting standards and interpretations as at December 31, 2020. The new and revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FRSC in the Philippines, were assessed to be applicable to the consolidated financial statements, are as follows:

Amendments to PFRS 16, COVID-19-Related Rent Concessions

Amendment to PFRS 16 provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual periods beginning on or after June 1, 2020. Earlier application is permitted, including in financial statements not authorized for issue at May 28, 2020.

The amendments did not have a significant impact on the consolidated financial statements since there are no rent concessions that occurred as direct consequence of COVID-19.

Amendments to PFRS 3, Definition of a Business

The amendments are to:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

The amendments are being applied by the Group and has no significant impact on the consolidated financial statements.

Amendments to PAS 1 and PAS 8, *Definition of Material*

The amendments relate to a revised definition of 'material':

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

Three new aspects of the new definition include (i) obscuring; (ii) could reasonably be expected to influence; and (iii) primary users.

The amendments stress especially five ways material information can be obscured:

- if the language regarding a material item, transaction or other event is vague or unclear;
- if information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- if dissimilar items, transactions or other events are inappropriately aggregated;
- if similar items, transactions or other events are inappropriately disaggregated; and
- if material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for periods beginning on or after January 1, 2020. Earlier application is permitted.

The amendments are being applied by the Group and has no significant impact on the consolidated financial statements.

PIC Q&A No. 2019-02, *Accounting for Cryptographic Assets*

The interpretation provides guidance regarding accounting treatment for Cryptographic assets. In classifying Cryptographic assets, two relevant factors to consider are (i) its primary purpose, and (ii) how these assets derive its inherent value. The interpretation provided two (2) Cryptographic classifications based on the aforementioned factors, these are (a) Cryptocurrency, or (b) Cryptographic assets other than Cryptocurrencies, which are (b.1) Asset-based token, (b.2) Utility token, and (b.3) Security token, or collectively the “Security Tokens”.

From the holder of these assets’ point-of-view, in the absence of a definitive accounting and reporting guidance from the IASB, the interpretation suggested to report Cryptographic assets in the financial statements as either (i) Cryptocurrencies held by an entity, or (ii) Cryptographic assets other than cryptocurrencies.

From the Issuer of these assets’ point of view, as a consensus, the following accounting treatments are suggested:

- Cryptocurrencies held by an entity can be treated either as (i) Inventory under PAS 2, or (ii) Intangible asset under PAS 38.
- Cryptographic assets other than Cryptocurrencies, the interpretation suggested the following relevant accounting frameworks for consideration:
 - i. If the Token meets the definition of a financial liability, apply guidance in PFRS 9;
 - ii. If the Token meets the definition of an equity instrument, apply guidance in PAS 32;
 - iii. If the Token is a prepayment for goods and services from a contract with a

- customer, apply guidance in PFRS 15; and
- iv. If the Token does not meet any of the aforementioned, consider other relevant guidance.

The interpretation is effective for periods beginning on or after February 13, 2019.

The interpretation did not have a significant impact on the consolidated financial statements since the Group does not have cryptographic assets.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2020

The Group will adopt, to the extent applicable, the following standards when these become effective

PFRS 17 — Insurance Contracts

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4 Insurance Contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 and adopted by FRSC on August 2020 addresses concerns and implementation challenges that were identified after PFRS 17 was published.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

The future adoption of the standard will not have a significant impact on the Group's consolidated financial statements as the Group does not issue insurance contracts.

Amendments to PFRS 3, References to the Conceptual Framework

The amendments update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to PFRS 3 a requirement that, for obligations within the scope of PAS 37, an acquirer applies PAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or

after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Management of the Group is still evaluating the impact of the amendments on the Group's consolidated financial statements.

Amendments to PFRS 10 and PAS 28, Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture

The amendments to PFRS 10 and PAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

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

The amendments to PAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with PAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. PAS 16 now specifies this as assessing whether the technical and physical performance of the

asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Annual Improvements to PFRS Standards 2018-2020 Cycle

Amendments to PFRS 1 – Subsidiary as a first-time adopter

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in PFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to PFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in

PFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Amendments to PFRS 9 – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Amendments to PFRS 16 – Lease Incentives

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to PFRS 16 only regards an illustrative example, no effective date is stated.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

Amendments to PAS 41 – Taxation in fair value measurements

The amendment removes the requirement in PAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in PAS 41 with the requirements of PFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

The Management of the Group is still evaluating the impact of the amendments on the consolidated financial statements.

New Accounting Standards Effective in 2020 - Adopted by FRSC but pending for approval by the BOA

PIC Q&A No. 2019-04, Conforming Changes to PIC Q&As – Cycle 2019

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
PIC Q&A No. 2011-05: PFRS 1 – Fair Value or Revaluation as Deemed Cost	Updated because of applying PFRS 16, Leases, for the first time starting January 1, 2019
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	Reference to PAS 40, Investment Property, has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2012-02: Cost of a new building constructed on the site of a previous building	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of operating lease cost as part of construction costs of a building	Updated to comply with the provisions of PFRS 16 and renamed as PIC Q&A No. 2017-02: PAS 2 and PAS 16 - Capitalization of depreciation of right-of-use asset as part of construction costs of a building
PIC Q&A No. 2017-10: PAS 40 - Separation of property and classification as investment property	Reference to PAS 40 has been updated because of applying PFRS 16 for the first time starting January 1, 2019.
PIC Q&A No. 2018-05: PAS 37 - Liability arising from maintenance requirement of an asset held under a lease	Updated to comply with the provisions of PFRS 16
PIC Q&A No. 2018-15: PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current	Reference to PAS 40 (included as an attachment to the Q&A) has been updated because of applying PFRS 16 for the first time starting January 1, 2019.

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2017-09: PAS 17 and Philippine Interpretation SIC-15 - Accounting for payments between and among lessors and lessees	This PIC Q&A is considered withdrawn starting January 1, 2019, which is the effective date of PFRS 16. PFRS 16 superseded PAS 17, Leases, and Philippine Interpretation SIC-15, Operating Leases— Incentives
PIC Q&A No. 2018-07: PAS 27 and PAS 28 - Cost of an associate, joint venture, or subsidiary in separate financial statements	This PIC Q&A is considered withdrawn upon publication of IFRIC agenda decision - Investment in a subsidiary accounted for at cost: Step acquisition (IAS 27 Separate Financial Statements) in January 2019.

The effective date of the amendments is included in the affected interpretations.

The Management of the Group is still evaluating the potential impact of the amendments.

PIC Q&A No. 2019-06, *Accounting for step acquisition of a subsidiary in a parent*

The interpretation clarifies how a parent should account for the step acquisition of a subsidiary in its separate financial statements.

Salient points of the interpretation are the following:

IFRIC concluded either of the two approaches may be applied:

- Fair value as deemed cost approach

Under this approach, the entity is exchanging its initial interest (plus consideration paid for the additional interest) for a controlling interest in the investee (exchange view). Hence, the entity's investment in subsidiary is measured at the fair value at the time the control is acquired.

- Accumulated cost approach

Under this approach, the entity is purchasing additional interest while retaining the initial interest (non-exchange view). Hence, the entity's investment in subsidiary is measured at the accumulated cost (original consideration).

Any difference between the fair value of the initial interest at the date of obtaining control of the subsidiary and its original consideration is taken to profit or loss, regardless of whether, before the step acquisition transaction, the entity had presented subsequent changes in fair value of its initial interest in profit or loss or other comprehensive income (OCI).

The interpretation is effective for periods beginning on or after October 19, 2019.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2019-07, *Classification of Members' Capital Contributions of Non-Stock Savings and Loan Associations (NSSLAs)*

Background:

The Bangko Sentral ng Pilipinas (BSP) issued Circular No. 1045 on August 29, 2019 to amend the Manual of Regulations for Non-Bank Financial Institutions Applicable to Non-Stock Savings and Loan Associations (MORNBFIS) – Regulatory Capital of Non-Stock Savings and Loan Associations (NSSLAs) and Capital Contributions of Members.

Under the Circular, each qualified member of an NSSLAs shall maintain only one capital contribution account representing his/her capital contribution. While only one capital account is maintained, the Circular breaks down a member's capital contributions as follows:

- a. Fixed capital which cannot be reduced for the duration of membership except upon termination of membership. The minimum amount of fixed capital is Php1,000, but a higher minimum can be prescribed under the NSSLAs's by-laws.
- b. Capital contribution buffer, which pertains to capital contributions in excess of fixed capital. The capital contribution buffer can be withdrawn or reduced by the member without affecting his membership. However, the NSSLAs shall establish and prescribe the conditions and/or circumstances when the NSSLAs may limit the reduction of the members' capital contribution buffer, such as, when the NSSLAs is under liquidity stress or is unable to meet the capital-to-risk assets ratio requirement under Sec. 4116S of the MORNBFIS Regulations. Such conditions and/or circumstances have to be disclosed to the members upon their placement of capital contribution buffer and in manners as may be determined by the Board.

For purposes of identifying and monitoring the fixed capital and capital contribution buffer of a member's capital contribution, NSSLAs shall maintain subsidiary ledgers showing separately the fixed and capital contribution buffer of each member. Further, upon receipt of capital contributions from their members, NSSLAs shall simultaneously record the amount contributed as fixed and capital contribution buffer in the aforementioned subsidiary ledgers. However, NSSLAs may use other systems in lieu of subsidiary ledgers provided that the system will separately show the fixed and capital contribution buffer of each member.

The interpretation assessed and concluded that both Fixed Capital and the Capital contribution buffer qualify as "equity" in the NSSLAs' financial statements as they both meet all the requirements of paragraphs 16A and 16B of PAS32, Financial Instruments: Presentation.

The interpretation is effective for periods beginning on December 11, 2019, and should be applied retrospectively.

The future adoption of the interpretation will have no effect on the Group's consolidated financial statements since the Company is not classified as a non-bank financial institutions under non-stock savings and loan associations.

PIC Q&A No. 2019-08, *PFRS 16, Leases - Accounting for Asset Retirement or Restoration Obligation ("ARO")*

The interpretation clarifies the recognition of ARO under the following scenarios:

1) Accounting for ARO at lease commencement date

The cost of dismantling and restoration (i.e., the ARO) should be calculated and recognized as a provision in accordance with PAS 37, with a corresponding adjustment to the related ROU asset as required by PFRS 16.24(d). As such, the lessee will add the amount of ARO to the cost of the ROU asset on lease commencement date, which will then form part of the amount that will be amortized over the lease term

Change in ARO after initial recognition

- 2.1) Because ARO is not included as a component of lease liability, the measurement of such ARO is outside the scope of PFRS 16. Hence, its measurement is generally not affected by the transition to PFRS 16. Except in cases where the reassessment of lease-related assumptions (e.g., lease term) would affect the measurement of ARO-related provision, the amount of ARO existing at transition date would not be remeasured; rather, the balance of the ARO provision and any related asset will remain as previously measured. The asset will simply be reclassified from property and equipment to the related ROU asset as required under PFRS 16.24(d).
- 2.2) Assuming there is a change in lease-related assumptions that would impact the ARO measurement (e.g., change in lease term due to the new PFRS 16 requirements), the following will be the accounting treatment depending on the method used by the lessee in adopting PFRS 16:
 - a. *Modified retrospective approach* - Under this approach, the lessee uses the remaining lease term to discount back the amount of provision to transition date. Any adjustment is recognized as an adjustment to the ROU asset and ARO provision. This adjustment applies irrespective of which of the two methods in measuring the ROU asset will be chosen under the modified retrospective approach.
 - b. *Full retrospective approach* - The ARO provision and related asset, which gets adjusted to the ROU asset, should be remeasured from commencement of the lease, and then amortized over the revised or reassessed lease term. Because full retrospective approach is chosen, it is possible that the amount of cumulative adjustment to the ARO

provision and the ROU asset at the beginning of the earliest period presented will not be the same; hence, it is possible that it might impact retained earnings.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 upon approval by the FRSC.

The future adoption of the interpretation will have no effect on the Group's consolidated financial statements since the Group does not have leased property with any related ARO.

PIC Q&A No. 2019-09, Accounting for Prepaid Rent or Rent Liability Arising from Straight-lining under PAS 17 on Transition to PFRS 16 and the Related Deferred Tax Effects

The interpretation aims to provide guidance on the following:

1. How a lessee should account for its transition from PAS 17 to PFRS 16 using the modified retrospective approach. Specifically, this aims to address how a lessee should, on transition, account for any existing prepaid rent or rent liability arising from straight-lining of an operating lease under PAS 17, and
2. How to account for the related deferred tax effects on transition from PAS 17 to PFRS 16.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 upon approval by the FRSC.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2019-10, Accounting for variable payments with rent review

Some lease contracts provide for market rent review in the middle of the lease term to adjust the lease payments to reflect a fair market rent for the remainder of the lease term. This Q&A provides guidance on how to measure the lease liability when the contract provides for a market rent review.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 upon approval by the FRSC.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2019-11, Determining the current portion of an amortizing loan/lease liability

The interpretation aims to provide guidance on how to determine the current portion of an amortizing loan/lease liability for proper classification/presentation between current and non-current in the statement of financial position.

The interpretation is effective upon approval by the FRSC.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2019-12, PFRS 16, Leases – Determining the lease term

The interpretation provides guidance how an entity determine the lease term under PFRS 16.

A contract would be considered to exist only when it creates rights and obligations that are enforceable. Therefore, any non-cancellable period or notice period in a lease would meet the definition of a contract and, thus, would be included as part of the lease term. To be part of a contract, any option to extend or terminate the lease that are included in the lease term must also be enforceable.

If optional periods are not enforceable (e.g., if the lessee cannot enforce the extension of the lease without the agreement of the lessor), the lessee does not have the right to use the asset beyond the

non-cancellable period. Consequently, by definition, there is no contract beyond the non-cancellable period (plus any notice period) if there are no enforceable rights and obligations existing between the lessee and lessor beyond that term.

In assessing the enforceability of a contract, an entity should consider whether the lessor can refuse to agree to a request from the lessee to extend the lease. Accordingly, if the lessee has the right to extend or terminate the lease, there are enforceable rights and obligations beyond the initial noncancellable period and thus, the parties to the lease would be required to consider those optional periods in their assessment of the lease term. In contrast, a lessor’s right to terminate a lease is ignored when determining the lease term because, in that case, the lessee has an unconditional obligation to pay for the right to use the asset for the period of the lease, unless and until the lessor decides to terminate the lease.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, an entity shall consider all relevant facts and circumstances (i.e., including those that are not indicated in the lease contract) that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 upon approval by the FRSC.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2019-13, PFRS 16, Leases – Determining the lease term of leases that are renewable subject to mutual agreement of the lessor and the lessee

The interpretation provides guidance how an entity determine the lease term under PFRS 16. This interpretation focuses on lease contracts that are renewable subject to mutual agreement of the parties.

A renewal option is only considered in determining the lease term if it is enforceable. A renewal that is still subject to mutual agreement of the parties is legally unenforceable under Philippine laws until both parties come to an agreement on the terms.

In instances where the lessee have known to be, historically, renewing the lease contract after securing mutual agreement with the lessor to renew the lease contract, the lessee’s right to use the underlying asset does not go beyond the one-year period covered by the current contract, as any renewal still has to be agreed on by both parties. A renewal is treated as a new contract.

The interpretation is effective for annual reporting periods beginning on or after January 1, 2019 upon approval by the FRSC.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-01, Conforming Changes to PIC Q&As – Cycle 2020

The interpretation sets out the changes (i.e., amendments or withdrawal) to certain interpretations. These changes are made as a consequence of the issuance of new PFRS that become effective starting January 1, 2019 and other relevant developments.

PIC Q&As Amended

The following table summarizes the changes made to the amended interpretations:

PIC Q&A Amended	Amendment
Framework 4.1 and PAS 1.25 – Financial statements prepared on a basis	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated

other than going concern	due of the revised framework effective January 1, 2020
PIC Q&A No. 2016-03: Accounting for common areas and the related subsequent costs by condominium corporations	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due of the revised framework effective January 1, 2020
PIC Q&A No. 2011-03: Accounting for intercompany loans	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due of the revised framework effective January 1, 2020
PIC Q&A No. 2017-08: PFRS 10 – Requirement to prepare consolidated financial statements where an entity disposes of its single investment in a subsidiary, associate or joint venture	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due of the revised framework effective January 1, 2020
PIC Q&A No. 2018-14: PFRS 15 – Accounting for cancellation of real estate sales	References to <i>The Conceptual Framework for Financial Reporting</i> have been updated due of the revised framework effective January 1, 2020

PIC Q&A Withdrawn

PIC Q&A Withdrawn	Basis for Withdrawal
PIC Q&A No. 2011-06: Acquisition of investment properties – asset acquisition or business combination?	With the amendment to PFRS 3 on the definition of a business effective January 1, 2020, there is additional guidance in paragraphs B7A-B12D of PFRS 3 in assessing whether acquisition of investment properties is an asset acquisition or business combination (i.e. optional concentration test and assessment of whether an acquired process is substantive)

The effective date of the amendments is included in the affected interpretations.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-02, *Conclusion on PIC QA 2018-12E: On certain materials delivered on site but not yet installed*

The interpretation provides guidance on the treatment of the customized materials in recognizing revenue using a cost-based input method.

For each performance obligation satisfied over time, entity shall recognize the revenue by measuring towards complete satisfaction. In such case, materials that are customized, even if uninstalled, are to be included in the measurement of progress in completing its performance obligations.

However, in the case of uninstalled materials that are not customized, revenue should only be recognized upon installation or use in construction. Revenue cannot be recognized even up to the extent of cost unless it met all the criteria listed in the standards.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-03, *On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

The interpretation clarifies that recognition of either contract asset or receivable is acceptable in case the revenue recognized based on percentage of completion (POC) is ahead of the buyer's payment as long as this is consistently applied in transactions of the same nature and disclosure requirements of PFRS 15 for contract assets or receivables, as applicable, are complied.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-04(Addendum to PIC Q&A 2018-12-D), *PFRS 15 - Step 3 - Requires and Entity to Determine the Transaction Price for the Contract*

The interpretation clarifies that, in case of mismatch between the POC and schedule of payments, there is no significant financing component if the difference between the promised consideration and the cash selling price of the goods or service arises for the reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-05, PFRS 15 - Accounting for Cancellation of Real Estate Sales

The interpretation provided guidance on the accounting for cancellation of real estate sales and the repossession of the property. They provided three(3) approaches as follows:

1. The repossessed property is recognized at its fair value less cost to repossess
2. The repossessed property is recognized at its fair value plus repossession cost
3. Accounted as modification of contract

Either of the above mentioned approaches are acceptable as long as its applied consistently. All approaches above should consider payments to buyers required under the Maceda Law and the write-off of any unamortized portion of cost of obtaining a contract in its determination of gain/loss from repossession.

The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-06, PFRS 16 - Accounting for payments between and among lessors and lessees

The interpretation provides for the treatment of payments between and among lessors and lessees as follows:

	Transaction	Treatments in the financial statements of			Basis
		Lessor	Old lessor	New Lessee	
1	Lessor pays old lessee - lessor intends to renovate the building	i. Recalculate the revised leased payments (net of the one-off amount to be	i. Recognize in profit and loss at the date of modification the difference between the proportionate		<ul style="list-style-type: none"> • PFRS 16; par. 87 • PAS 16; pars. 6, 16-17 • PAS 40;

		<p>paid) and amortize over the revised lease term.</p> <p>ii. If net payable, recognize as expense unless the amount to be paid qualifies as capitalizable cost under PAS 16 or PAS 40; in which case it is capitalized as part of the carrying amount of the associated property if it meets the definition of construction costs under PAS 16 or PAS 40.</p>	<p>decrease in the right-of-use asset based on the remaining right-of-use asset for the remaining period and remaining lease liability calculated as the present value of the remaining lease payments discounted using the original discount rate of the lease.</p> <p>ii. Recognize the effect of remeasurement of the remaining lease liability as an adjustment to the right-of-use-asset by referring to the revised lease payments (net of any amount to be received from the lessor) and using a revised discount rate.</p> <p>iii. Revisit the amortization period of right-of-use asset and any related leasehold improvement following the shortening of the term.</p>		<p>par. 21</p> <ul style="list-style-type: none"> • PFRS 16; par. 45 • Illustrative example 18 issued by IASB • PAS 16; pars. 56-57
2	Lessor pays old lessee - new lease with higher quality lessee	Same as Item 1	Same as Item 1		Same as Item 1 PFRS 16 par. 83
3	Lessor pays new lessee - an incentive to occupy	<p>i. Finance lease:</p> <ul style="list-style-type: none"> • If made after commencement date, incentive payable is 		<p>i. Record as a deduction to the cost of the right-of-</p>	<ul style="list-style-type: none"> • PAS 16; par. 68 • PAS 16; par. 71 • PFRS 16; par. 83

		<p>credited with offsetting debit entry to the net investment lease.</p> <ul style="list-style-type: none"> • If paid at or prior to commencement date, included in the calculation of gain or loss on disposal on finance lease. ii. Operating lease add the initial direct costs to the carrying amount of underlying asset and recognize as expense over the lease term either on a straight-line basis of another systematic basis. 		<p>use asset.</p> <ul style="list-style-type: none"> ii. Lease incentive receivable is also included as reduction in measurement of lease liability. iii. When lessee receives the payment of lease incentive, the amount received is debited with a credit entry to gross up the lease liability. 	<ul style="list-style-type: none"> • PFRS 16; par. 24
4	Lessor pays new lessee - building alterations specific to the lessee with no further value to lessor	Same as Item 3		<ul style="list-style-type: none"> i. Same as in fact pattern 1C. ii. Capitalize costs incurred by the lessee for alterations to the building as leasehold improvement in accordance with PAS 16 or PAS 40. 	<ul style="list-style-type: none"> • Same as in fact pattern 1C. • PAS 40; par. 21 • PAS 16; pars. 16-17
5	Old lessee pays lessor	Recognize as income	Recognize as expense		<ul style="list-style-type: none"> • PAS 16 • PAS 38

	to vacate the leased premises early	immediately, unless it was within the original contract and the probability criterion was previously met, in which case, the amount would have already been recognized as income using either a straight-line basis or another systematic basis.	immediately unless it was within the original contract and the probability criterion was previously met, in which case, the financial impact would have been recognized already as part of the lease liability.		• PFRS 16; par. 18
6	Old lessee pays new lessee to take over the lease		Recognize as an expense immediately.	Recognize as income immediately.	• PAS 16 • PAS 38 • PFRS 16; Appendix A
7	New lessee pays lessor to secure the right to obtain a lease agreement	i. If finance lease, recognize gain or loss in the profit or loss arising from the derecognition of underlying assets ii. If operating lease, recognize as deferred revenue and amortize over the lease term on a straight-line basis or another systematic basis.		Recognize as part of the cost of the right-of-use asset.	PFRS 16; par. 24 • PAS 16; par. 71 • PFRS 16; par 81
8	New lessee pays old lessee to buy out the lease agreement		Recognize as again immediately. Any remaining lease liability and right-of-use asset will be derecognized with net amount through	Account for as initial direct cost included in the measureme	• PFRS 16; Appendix A • PFRS 16; Example 13 in par. IE5 • PFRS 16; par. 24

			P&L.	nt of the right-of- use asset.	
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The Management of the Group is still evaluating the potential impact of the interpretation.

PIC Q&A No. 2020-07, PAS 12 – Accounting for the Proposed Changes in Income Tax Rates under the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE) Bill

The interpretation explained the details of the CREATE bill and its impact on the financial statements once passed.

Interpretation discussed that impact on the financial statements ending December 31, 2020 are as follows:

- Current and deferred taxes will still be measured using the applicable income tax rate as of December 31, 2020
- If the CREATE bill is enacted before financial statements' issue date, this will be a non-adjusting event but the significant effects of changes in tax rates on current and deferred tax assets and liabilities should be disclosed
- If the CREATE bill is enacted after financial statements' issue date but before filing of the income tax return, this is no longer a subsequent event but companies may consider disclosing the general key feature of the bill and the expected impact on the FS

For the financial statements ending December 31, 2021, the impact are as follows:

- Standard provides that component of tax expense(income) may include “any adjustments recognized in the period for current tax of prior periods” and “the amount of deferred tax expense(income) relating to changes in tax rates or the imposition of new taxes”
- An explanation of changes in the applicable income tax rates to the previous accounting period is also required to be disclosed
- The provision for current income tax for the year 2021 will include the difference between income tax per 2020 financial statements and 2020 income tax return
- Deferred tax assets and liabilities as of December 31, 2021, will be remeasured using the new tax rates
- Any movement in deferred taxes arising from the change in tax rates that will form part of the provision for/benefit from deferred taxes will be included as well in the effective tax rate reconciliation

The Management of the Group is still evaluating the potential impact of the interpretation.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and all subsidiaries it controls. Control is achieved when the Parent Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these three elements of control: a) has power over the investee; b) exposure or rights, to variable returns from its involvement with the investee; or the ability to use its power to affect its returns.

The Parent Company considers all relevant facts and circumstances in assessing whether or not the Parent Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Parent Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Parent Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Parent Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealized gains and losses are eliminated.

Changes in the Parent Company's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Parent Company.

When the Parent Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable PFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair

value on initial recognition for subsequent accounting under PFRS 9.

Business Combination

Common control business combinations are excluded from the scope of PFRS 3, *Business Combinations*. However, there are no specific rules under existing PFRS which prescribe how such transactions shall be accounted for. In August 2011, the PIC issued Q&A No. 2011-02, PFRS 3.2, *Common Control Business Combinations*, to provide guidance in accounting for common control business combinations in order to minimize diversity in the current practices until further guidance is provided by the International Accounting Standard Board (IASB).

The consensus in Q&A No. 2011-02 provides that common control business combinations shall be accounted for using either (a) the pooling of interests method, or (b) the acquisition method in accordance with PFRS 3. However, where the acquisition method of accounting is selected, the transaction must have commercial substance from the perspective of the reporting entity.

In accordance with PIC Q&A No. 2011-02, the Group's acquisitions of businesses under common control are accounted for using either the acquisition method or the pooling of interest method, depending on the specific circumstances of the acquisition.

Acquisition method

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, *Income Taxes* and PAS 19, *Employee Benefits*, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, *Share-based Payment*, at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, *Non-current assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any) is recognized immediately in profit or loss as bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the

consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PFRS 9, *Financial Instruments: Recognition and Measurement*, or PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

Pooling of interest method

Common control business combinations are accounted for using the “pooling of interests method”.

The pooling of interests method is generally considered to involve the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. The only adjustments that are made are those adjustments to harmonize accounting policies;
- No ‘new’ goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity ‘acquired’ is reflected within equity;
- The consolidated statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place; and
- Comparatives are presented as if the entities had always been combined.

The Group applied the pooling of interest method when it acquired GTC and SMDC as these companies remained to be wholly owned subsidiaries at the time of the acquisition. In 2016, the Group applied the same method in accounting for its acquisition of CRL as there is no commercial substance relating to the acquisition.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the interest in the net fair value of the acquirer’s identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill arising on an acquisition of a business is measured at cost less any accumulated impairment losses.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (CGU) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Financial Instruments

Financial assets and financial liabilities are recognized in the Group's consolidated financial statements when the Group becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Classification and subsequent measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as follows:

- financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- financial assets that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other financial assets managed on their fair value basis and equity instruments are subsequently measured at fair value through profit or loss (FVTPL).

Financial assets are subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt

instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for financial assets at amortized cost.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For financial assets measured at amortized cost, exchange differences are recognized in profit or loss.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on its financial assets at amortized cost.

The ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognizes lifetime ECL for trade receivables. The ECL on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the

Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 120 days past due, since the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than one year past due, since the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether financial assets measured at amortized cost are credit-impaired at each reporting date. To assess if the financial instruments measured at amortized cost are credit-impaired, the Group considers the credit standing and the ability of the counterparty to meet its contractual obligations.

Write-off

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery or when the Group has no reasonable expectations of recovering the financial asset either in its entirety or a portion of it. This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the PD and loss given default is based on historical data adjusted by forward-looking information.

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for ECL are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the assets.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards

of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged,

cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by Group are recognized at the proceeds received, net of direct issue costs.

Share capital

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

Share premium

Share premium represents the excess over the par-value received on subscriptions for the Group's shares which is represented in equity. When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the share premium.

Direct costs incurred related to equity issuance are chargeable to share premium account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Currency translation adjustment

Currency translation adjustment represents the exchange differences resulting from translating the financial position and results of operations of GTC, CPNA, CIC, CRL and CST, whose functional currencies differ from the functional currency of the Group.

Retained earnings

Retained earnings represent accumulated profits and losses attributable to equity holders of the Group after deducting dividends declared. Retained earnings may also include the effect of changes in accounting policy as may be required by the standard's transitional provisions.

Inventories

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated using the first-in, first-out method. The costs of inventories are calculated as follows:

Raw materials	Moving average
Work-in-process	Weighted average
Finished goods	Weighted average
Finished goods (CPAVI)	Moving average

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in profit or loss. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Provision for inventory losses is established for slow moving, obsolete, defective and damaged inventories based on physical inspection and management evaluation. Inventories and its related provision for impairment are written off when the Group has determined that the related inventory is already obsolete and damaged. Write-offs represent the release of previously recorded provision from the allowance account and credited to the related inventory account following the disposal of the inventories. Destruction of the obsolete and damaged inventories is made in the presence of regulatory agencies.

Reversals of previously recorded impairment provisions are credited in the consolidated statements of comprehensive income based on the result of Management's current statement, considering available facts and circumstances, including but not limited to net realizable value at the time of disposal.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

Spare parts with useful lives of one year or less are classified as inventories and recognized as expense as they are consumed.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statements 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 Group's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Biological Assets

Biological assets or agricultural produce are recognized only when the Group controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Group and the cost of the assets can be measured reliably.

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Group's biological assets, Management believes that the fair value of its biological assets cannot be measured reliably since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Thus, the Group measures biological assets at its cost less any accumulated impairment losses.

There is no recognized depreciation on biological assets given its nature which is to grow and use it as part of its production.

Biological assets of the Group are classified as consumable biological assets which include fish in farms. The Group manages the growth of fish which will subsequently be used in production upon harvest.

Biological assets are recognized as expense when consumed.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

Major spare parts qualify as property, plant and equipment when the Group expects to use them for more than one year. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of property, plant and equipment measured are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property, plant and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method, other than construction in progress, based on the estimated useful lives of the assets as follows:

Buildings	15 – 40 years
Building improvements	5 - 15 years
Plant machinery and equipment	2 - 20 years
Transportation and delivery equipment	3 - 10 years
Office furniture, fixtures and equipment	2 - 5 years
Laboratory tools and equipment	1 - 15 years
Land improvements	5 - 15 years

Properties in the course of construction for production, rental, administrative purposes or for purposes not yet determined, are carried at cost less any recognized impairment loss. Depreciation commences at the time the assets are ready for their intended use.

Leasehold improvements are depreciated over the improvements useful life of five years or when shorter, the term of the relevant lease.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Spare parts and properties in the course of construction for production or for purposes not yet determined are carried at cost, less any recognized impairment loss. Depreciation of these assets, on the same basis as other property assets, commences at the time the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss.

Intangible Assets

Intangible assets are initially measured at cost. Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over the estimated useful lives. The estimated useful life and the amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets, such as trademarks, with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Group assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When reasonable and consistent basis of allocation can be identified, assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives, such as trademarks, and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized as an expense in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit on a pro-rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income.

Provisions

Provisions are recognized when the Group has a present obligation, either legal or constructive, as a result

of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Share-based Payments

Equity-settled share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments to employees is recognized as expense on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Employee Benefits

Short-term benefits

The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period that are expected to be settled wholly before 12 months after the end of the reporting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

Defined benefit plan

The Group classifies its retirement benefit as defined benefit plans. Under the defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings

and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Retirement benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of retirement benefit costs in profit or loss.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Revenue Recognition

The Group recognizes revenue from the sale of its manufactured goods.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product to a customer. The Group recognizes revenue when it transfers control of a product to a customer.

Sale of goods

The Group contracts to sell goods to the wholesale market and retailers. It identifies each party's rights and payment terms regarding goods to be transferred.

For sales of goods to the wholesale market and retailers, revenue is recognized when control of the goods has transferred, being when the goods have been delivered to the wholesalers' and retailers' specific location. Following delivery, the wholesaler and retailer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognized by the Group when the goods are delivered to the wholesaler and retailer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Transaction price

The Group considers the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

The transaction price is also adjusted for any consideration payable to the customer. Consideration payable to a customer includes cash amounts that the Group pays, or expects to pay, to the customer (or to other parties that purchase the Group's goods from the customer). Consideration payable to a customer also includes credit or other items that can be applied against amounts owed to the Group (or to other parties that purchase the Group's goods or services from the customer).

Variable consideration

The amount of consideration can vary because of discounts, rebates, refunds, credits, incentives, penalties or other similar items. The Group estimated the amount of consideration to which it will be entitled to in exchange for transferring the promised goods to a customer.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group estimated the value of the variable consideration by obtaining the most likely amount in a range of possible consideration amounts.

The Group includes in the transaction price some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Group considers both the likelihood and the magnitude of the revenue reversal. Factors that could increase the likelihood or the magnitude of a revenue reversal include, but are not limited to, any of the following:

- The amount of consideration is highly susceptible to factors outside the Group's influence. Those factors may include volatility in a market, the judgment or actions of third parties, weather conditions and a high risk of obsolescence of the promised goods;
- The uncertainty about the amount of consideration is not expected to be resolved for a long period of time;
- The Group's experience (or other evidence) with similar types of contracts is limited, or that experience (or other evidence) has limited predictive value;
- The Group has a practice of either offering a broad range of price concessions or changing the payment terms and conditions of similar contracts in similar circumstances; or
- The contract has a large number and broad range of possible consideration amounts.

Service income

Service income is recognized in point in time in which services are rendered.

The service income pertains to the management fees.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Rental income

Revenue recognition for rental income is disclosed in the Group policy for leases.

Commission income

Commission income is recognized when earned, based on the terms of the agreement.

The commission income pertains to the co-packing services rendered by the Group to one of its suppliers.

Other income

Other income is income generated outside the normal course of business and is recognized when it is probable that the economic benefits will flow to the Group and it can be measured reliably.

Expense Recognition

Expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in profit or loss: on the basis of a direct association between the costs incurred and the earning of specific items of income; on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statements of comprehensive income are presented using the function of expense method. Costs of sales are expenses incurred that are associated with the goods sold and includes raw materials used, direct labor and manufacturing overhead. Operating expenses are costs attributable to administrative, marketing, selling and other business activities of the Group.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives:
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under PAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related

right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Operating Expenses" in the "Consolidated Statement of Comprehensive Income".

As a practical expedient, PFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its property, plant and equipment. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Foreign Currency

Foreign currency transactions

Transactions in currencies other than functional currency of the Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities when the gains and losses of such non-monetary items are recognized directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustments to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Foreign operations

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Philippine Peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising from that transaction are recognized in other comprehensive income.

Translation to foreign currency

The separate financial statements of GTC, CPNA, CIC, CRL and CST whose functional currencies differ from the functional currency of the Group are translated to Philippine peso using the prevailing current exchange rate for the statements of the financial position accounts, except those which are translated at historical costs, and average rate during the period for the statements of comprehensive income accounts. Any resulting difference from the translation is charged to currency translation adjustments in OCI.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Group and a related party, regardless of whether a price is charged.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Group and the key management personnel of the Group are also considered to be related parties.

Upon consolidation, significant intra-group balances are eliminated to reflect the Group's consolidated financial position and performance as a single entity.

Taxation

Income tax expense represents the sum of current tax expense and deferred tax.

Current tax

The current tax expense is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax expense is calculated using 30% regular corporate income tax (RCIT) rate or 2% minimum corporate income tax (MCIT) rate, whichever is higher. CPSI and CPFVPI use Optional Standard Deduction (OSD), while other subsidiaries use itemized deductions in the computation of their respective taxable income.

AWI registered its Cold Storage Facilities (Panda 1 and 2) with Board of Investments (BOI) for Income Tax Holiday (ITH) provided under Article 39(a) of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended by R.A 7918. AWI operations under Panda 1 and 2 are entitled for ITH up to February 28, 2020 and June 30, 2023, respectively. Other income that arises outside from the registered activities of the AWI and local services in excess of 30% is subject to the statutory rate of 30%.

CPAVI is entitled to corporate income tax holiday (ITH) for four years, which can be extended for another year subject to condition that the Group shall undertake CSR activities and must be completed on the actual availment of the bonus year. The Group's liability for current tax is calculated using a 0% tax rate for BOI registered activities including sale to domestic market as authorized by BOI and 30% tax rate for non-registered activities.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Earnings per Share

The Group computes its basic earnings per share by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of common shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit for the period attributable to ordinary equity holders of the Parent Company and the weighted average number of shares outstanding are adjusted for the effects of dilutive potential ordinary shares.

Events after the Reporting Period

The Group identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorized for issue.

The consolidated financial statements of the Group are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the consolidated financial statements when material.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group reports separately, information about an operating segment that meets any of the following quantitative thresholds:

- the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of the combined reported profit of all operating segments that did not report a loss and the combined reported loss of all operating segments that reported a loss; and
- its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if Management believes that information about the segment would be useful to users of the consolidated financial statements.

For Management purposes, the Group is currently organized into seven business segments namely: Canned and Processed Fish, Canned Meat, Milk, Tuna Export, Coco Water, Packaging and Corporate. These divisions are the basis on which the Group reports its primary segment information.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations, that Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets are evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

The Group's financial assets only pertain to cash and cash equivalents, trade and other receivables, due from related parties, security deposits, and deposit on utilities. Based on the evaluation of the Management, such financial assets are only held within a business model whose objective is to collect contractual cash flows which are SPPI on the principal amount outstanding. Hence, the Group's financial assets are classified as amortized cost.

Determining the timing of satisfaction of performance obligations

In making its judgment, the Group considered the detailed criteria for the recognition of revenue from the sale of goods, set out in PFRS 15 and, in particular, had transferred control of the goods to the customer. Revenue is recognized when control of goods have been transferred to the customer, at a point in time, being when the goods have been delivered/shipped to the customer's specific location (delivery).

The Group is satisfied that control of goods have been transferred and that recognition of the revenue in the current year is appropriate.

Determination of functional and presentation currency

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency of that mainly influences the Group in determining the costs and the selling price of its inventories. It is the currency in which the Group measures its performance and reports its results.

Significant increase of credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. PFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Establishing groups of assets with similar credit risk characteristics

When ECLs are measured on a collective basis, the financial instruments are grouped based on shared risk characteristics. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets. Re-segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses)

and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Based on Management's assessment, receivables are classified into various types such as General Trade, Modern Trade, Food Service and Others. Only the Food Service and other receivables are included in the computation of ECL. The Group does not include in the computation the receivables from Modern Trade as they are unlikely to default as they are relatively stable in the business sector. For the General Trade, the obligations of the customers are secured by bank guarantees which exceeds the balance of the receivable.

Leases

The evaluation of whether an arrangement contains a lease is based on its substance. An arrangement is, or contains, a lease when the fulfillment of the arrangement depends on a specific asset or assets and the arrangement conveys the right to use the asset.

Discount rate used to determine the carrying amount of the Group's retirement benefit obligation

The Group's retirement benefit obligation is discounted at a rate set by reference to market yields at the end of the report period on high quality corporate bonds. Significant judgment is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

Biological assets

Biological assets are required to be measured on initial recognition and at the end of each reporting period at fair value less costs to sell, unless fair value cannot be measured reliably. Accordingly, the Management shall exercise its judgment in determining the best estimate of fair value.

After exerting its best effort in determining the fair value of the Group's biological assets, the Management believes that the fair value of its biological assets cannot be measured reliably on a continuing basis since the market determined prices or values are not available and other methods of reasonably estimating fair value are determined to be clearly unreliable. Also, the Management believes that there is no recognized depreciation on biological assets given its nature which is to grow and use it as part of its production.

Determination of control

Management exercises its judgment in determining whether the Parent Company has control or significant influence over another entity by evaluating the substance of relationship that indicates control or significant influence of the Parent Company over the entities. The recognition and measurement of the Parent Company's investments over these entities will depend on the result of the judgment made.

4. SEGMENT INFORMATION

For Management purposes, the Group is organized into two major business segments: branded and non-branded. These segments are the basis on which the Group reports its primary segment information to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2.

5. CASH AND CASH EQUIVALENTS

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Cash on hand	17,727,852	27,242,934
Cash in bank	1,078,811,230	1,054,018,005
Cash equivalents	980,566,855	148,120,334
	2,077,105,938	1,229,381,273

Cash on hand includes petty cash fund.

Cash in banks earn an average interest at rates based on daily bank deposit rates. These are unrestricted and immediately available for use in the current operations of the Group.

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value. The Group classifies an investment as cash equivalent if that investment has a maturity of three months or less from the date of acquisition. Cash equivalents represent short-term fund placements with local banks maturing on various dates. These placements are from excess cash and can be withdrawn anytime for operations.

6. TRADE AND OTHER RECEIVABLES

The Group's trade and other receivables consist of:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Trade receivables from third parties	6,916,837,217	6,243,691,205
Advances to suppliers	1,324,600,661	1,181,936,837
Advances to officers & employees	52,827,536	49,196,728
Other receivables	162,640,616	173,830,732
	8,456,906,030	7,648,655,501
Less : Allowance for doubtful accounts	52,039,835	48,671,328
	8,404,866,196	7,599,984,174

Trade receivables represent short-term, non-interest bearing receivables from various customers and generally have 60 day terms or less.

Advances to suppliers pertain to the Group's deposits on purchases.

7. INVENTORIES – net

Details of the Group’s inventories are as follows:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Finished goods	5,613,044,825	6,338,087,442
Raw and packaging materials	8,579,942,420	7,675,369,911
Work in process	336,462,837	162,276,236
Spare parts and supplies	484,526,418	421,509,561
	15,013,976,500	14,597,243,151
Allowance for inventory obsolescence	(290,836,775)	(284,142,265)
	14,723,139,725	14,313,100,885

No inventories are pledged as security for any liability as of March 31, 2021.

8. PREPAYMENTS AND OTHER CURRENT ASSETS

The account consists of:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Tax credits	186,787,404	79,198,545
Input value added tax (VAT) - net	226,474,061	329,590,317
Prepaid insurance	35,974,358	9,557,430
Prepaid rent	2,012,571	3,438,969
Other prepayments	112,354,855	62,707,559
	563,603,250	484,492,819

Tax credits include creditable withholding taxes withheld by the Group's customers and tax credit certificates (TCC) issued by the Bureau of Customs (BOC). TCCs from BOC are granted to Board of Investment (BOI) registered companies and are given for taxes and duties paid on raw materials used for the manufacture of their export products. The Group can apply its TCC against tax liabilities other than withholding tax or can be refunded as cash.

9. PROPERTY, PLANT AND EQUIPMENT – net

Movements in the carrying amounts of the Group’s property plant and equipment are as follows:

	Land and Land Improvements	Building and building Improvements	Plant Machinery and Equipment	Transportation and Delivery Equipment	Office Furniture, Fixtures and Equipment	EDP Equipments	Laboratory, Tools and Equipment	Construction in Progress	Total
Cost									
January 1, 2021	58,146,005	3,296,881,958	7,065,207,714	130,685,220	79,603,973	247,862,471	315,369,419	462,700,180	11,656,456,940
Acquisition	-	6,715,900	86,610,787	2,946,378	1,241,691	3,638,853	11,308,395	333,016,599	445,478,603
Reclassification	-	37,337,385	82,951,247	6,200	-	86,100	915,277	(121,296,210)	0
Disposal	-	-	(2,797,401)	(2,049,018)	-	(472,187)	(11,438)	1	(5,330,043)
	58,146,005	3,340,935,244	7,231,972,347	131,588,780	80,845,664	251,115,236	327,581,654	674,420,570	12,096,605,500
Accumulated Depreciation									
January 1, 2021	50,212,767	901,518,640	2,856,872,408	88,105,788	61,932,683	185,142,774	221,914,987	-	4,365,700,047
Depreciation and amortization	518,515	45,567,825	164,977,365	4,237,987	2,275,100	5,852,148	10,271,350	-	233,700,289
Disposal	-	-	(191,219)	(1,994,794)	-	(426,085)	(8,894)	-	(2,620,992)
	50,731,282	947,086,465	3,021,658,554	90,348,981	64,207,783	190,568,836	232,177,443	-	4,596,779,344
Carrying Value									
As of March 31, 2021	7,414,723	2,393,848,779	4,210,313,793	41,239,799	16,637,881	60,546,399	95,404,212	674,420,570	7,499,826,156
Cost									
January 1, 2020	56,892,461	2,741,600,682	5,783,416,262	129,110,569	70,526,749	220,434,217	286,856,578	684,082,953	9,972,920,471
Acquisition	452,008	26,727,570	295,066,902	4,347,038	5,735,656	26,781,388	17,504,187	1,359,769,377	1,736,384,126
Reclassification	960,000	530,166,188	1,016,368,240	621,541	3,400,471	927,830	11,094,269	(1,563,538,539)	-
Disposal	(158,464)	(1,612,481)	(29,643,690)	(3,393,929)	(58,903)	(280,965)	(85,614)	(17,613,612)	(52,847,657)
	58,146,005	3,296,881,958	7,065,207,714	130,685,220	79,603,973	247,862,471	315,369,419	462,700,180	11,656,456,940
Accumulated Depreciation									
January 1, 2020 AD	48,424,825	738,848,379	2,303,300,345	71,847,652	53,104,008	159,866,217	182,985,702	-	3,558,377,128
Depreciation and amortization	1,932,437	164,145,225	567,749,634	19,705,448	8,844,397	25,755,297	39,710,457	-	827,842,896
Reclassification	-	-	635,160	-	-	(67,822)	(567,338)	-	(0)
Disposal	(144,495)	(1,474,964)	(14,812,731)	(3,447,312)	(15,722)	(410,919)	(213,834)	-	(20,519,977)
	50,212,767	901,518,640	2,856,872,408	88,105,788	61,932,683	185,142,774	221,914,987	-	4,365,700,047
Carrying Value									
As of December 31, 2020	7,933,238	2,395,363,318	4,208,335,306	42,579,432	17,671,290	62,719,697	93,454,432	462,700,180	7,290,756,893

10. OTHER NON-CURRENT ASSETS

Details of the Group's other non-current assets as of March 31, 2021, and December 31, 2020, are as follows:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Deferred Charges	91,879,864	5,150,119
Security deposits	94,907,980	92,556,291
Returnable containers	37,444,537	35,743,734
	224,232,381	133,450,144

Security deposits pertain to the required amounts under the terms of the lease agreements of the Group with certain lessors.

11. LOANS PAYABLE

Details of the Group's loans payable as of March 31, 2021, and December 31, 2020, are as follows:

	Amount in Php	Amount in Php
	As of March 31, 2021	As of December 31, 2020
Short term loans payable	3,383,466,680	3,533,466,680
	3,383,466,680	3,533,466,680

12. TRADE AND OTHER PAYABLES

The Group's trade and other payables consist of:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Trade payables	3,316,278,433	4,375,180,898
Accrued Payable	7,076,655,788	4,851,881,944
Non trade payables	196,973,757	193,732,982
Vat Output payable - net	148,720,987	14,645,430
Withholding taxes payable	62,900,393	235,126,519
Other current payables	3,217,395	(2,136)
	10,804,746,754	9,670,565,636

Trade payables and non-trade payables are generally on a 30 to 90-day term.

No interest is charged on trade and non-trade payables. Accrued expenses are non-interest bearing and

are normally settled within one year. The Group has financial risk management policies in place to ensure that all payables are paid within the credit period.

13. RELATED PARTY TRANSACTIONS

In the normal course of business, the Group transacts with companies which are considered related parties under PAS 24, *Related Party Disclosures*.

The outstanding balances as of March 31, 2021, and December 31, 2020, are presented as follows:

Related Party Category	Amount of Transactions during the year		Outstanding Receivable/Payable		Terms and Condition
	2021	2020	2021	2020	
Ultimate Parent Company					
Cost reimbursement	34,699	68,362	3,739,075	10,066,123	On demand; non interest bearing; unsecured
Rental expense	17,238,546	34,654,514	(27,768,930)	(33,735,104)	On demand; non interest bearing; unsecured
Dividends	-	803,304,000			On demand; non interest bearing; unsecured
Miscellaneous Deposit			20,184,448	10,148,520	On demand; non interest bearing; unsecured
Fellow Subsidiaries					
Shared services fee	4,119,686	10,550,000			On demand; non interest bearing; unsecured
Sale of inventories	117,070,328	241,869,404	305,651,442	259,725,092	On demand; non interest bearing; unsecured
Purchase of inventories	24,041,997	66,590,573	(50,060,659)	(42,159,571)	On demand; non interest bearing; unsecured
Service fee	10,364,510	32,616,752			On demand; non interest bearing; unsecured
Cost reimbursements	12,462,961	19,792,833			On demand; non interest bearing; unsecured
Rental expense	847,893	2,432,753			On demand; non interest bearing; unsecured
Miscellaneous Deposit			849,150	849,150	On demand; non interest bearing; unsecured
Sale of Fixed Assets	30,954				On demand; non interest bearing; unsecured
Retirement Fund					
Contribution from the employer	48,612,624	48,612,624			On demand; non interest bearing; unsecured
Due from Related Parties			330,424,115	280,788,885	
Due to Related Parties			77,829,590	75,894,675	

14. SHARE CAPITAL

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Authorized Capital :		
6,000,000,000 ordinary shares at P1 par value	6,000,000,000	6,000,000,000
Issued and subscribed	3,542,258,595	3,542,258,595

The Group has one class of common shares which carry one vote per share and a right to dividends.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Amount in Php For the Period Ended March 31, 2021
Income for the Period	1,282,544,270
Weighted Average Number of Shares	3,542,258,595
Basic and Diluted Earnings Per Share	0.36

As of March 31, 2021, the Company has no potential dilutive shares. Accordingly, the basic earnings per share of P0.36 is the same as the diluted earnings per share.

16. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The fair values of the Group's financial assets and financial liabilities are shown below:

	As of March 31, 2021		As of December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	2,077,105,938	2,077,105,938	1,229,381,273	1,229,381,273
Trade and Other Receivables - net	8,404,866,196	8,404,866,196	7,599,984,174	7,599,984,174
Due from Related Parties	330,424,115	330,424,115	280,788,885	280,788,885
Security deposits	94,907,980	94,907,980	92,556,291	92,556,291
	10,907,304,228	10,907,304,228	9,202,710,622	9,202,710,622
Financial Liabilities				
Notes Payable	3,383,466,680	3,383,466,680	3,533,466,680	3,533,466,680
Trade and Other Payables	10,804,746,754	10,804,746,754	9,670,565,636	9,670,565,636
Due to Related Parties	77,829,590	77,829,590	75,894,675	75,894,675
	14,266,043,024	14,266,043,024	13,279,926,992	13,279,926,992

Note: The amount does not include government liabilities which are not considered financial liabilities.

Due to the short-term maturities of cash and cash equivalents, trade and other receivables, due from related parties, security deposits, trade and other payables, and due to related parties, their carrying amounts approximate their fair values.

The loans payable is determined based on the discounted cash flow analysis using effective interest rates for similar types of instruments.

Financial Risk Management

The Group is exposed to certain financial risks which result from both their operating and investing activities. The Group's risk management is coordinated with their Parent Company, in close cooperation with the BOD, and focuses on actively securing the Group's short-to-medium term cash flows by minimizing the exposure to financial markets.

The Group does not engage in the trading of financial assets for speculative purposes nor do they write options. The most significant financial risks to which the Group is exposed to are described below.

Market risk

The Group is exposed to market risk through their use of financial instruments and specifically interest risk which result from both their operating and financing activities.

Interest rate risk

The Group has limited exposure to changes in market interest rates through their interest-bearing loans and cash, which are subject to variable interest rates. These financial instruments have historically shown small or measured changes in interest rates.

Credit Risk

Credit risk is the risk that the counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments arising from selling goods to customers, including related parties, providing security deposits to lessors, and placing deposits with banks.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into their credit risk controls. Where available at a reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the combined statements of financial position (or in the detailed analysis provided in the notes to combined financial statements), as summarized below.

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Cash and cash equivalents	2,077,105,938	1,229,381,273
Trade and Other Receivables - net	8,404,866,196	7,599,984,174
Due from Related Parties	330,424,115	280,788,885
Security deposits	94,907,980	92,556,291
	10,907,304,228	9,202,710,622

As part of the Group's policy, bank deposits are only maintained with reputable financial institutions. Cash in banks which are insured by the Philippine Deposit Insurance Corporation (PDIC) up to a maximum

coverage of (P500,000) per depositor per banking institution, as provided for under Republic Act No. 9576, Charter of PDIC, are still subject to credit risk.

The Group's Management considers that all the above financial assets that are not impaired or past due for each reporting period are of good credit quality.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The aging analysis of the Group's financial assets that are not impaired as of March 31, 2021, is as follows:

	As of March 31, 2021					Total
	Past Due Accounts but Not Impaired					
	0 to 60 Days Past Due	61 to 90 Days Past Due	91 to 120 Days Past Due	Over 120 Days Past Due		
Cash and cash equivalents	2,077,105,938	-	-	-	-	2,077,105,938
Trade and Other Receivables - net	8,404,866,196	-	-	-	-	8,404,866,196
Due from Related Parties	330,424,115	-	-	-	-	330,424,115
Security deposits	-	-	-	94,907,980	94,907,980	94,907,980
	10,812,396,248	-	-	94,907,980	94,907,980	10,907,304,228

The aging analysis of the Group's individual receivables as of March 31, 2020, and December 31, 2019, is as follows:

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
	60 to 90 days	8,404,866,196
	8,404,866,196	7,599,984,174

Liquidity Risk

The ability of the Group to finance their operations and to meet obligation as these become due is extremely crucial to its viability as a business entity. The Companies adopt a prudent liquidity risk management where they maintain sufficient cash to meet trade and other short term payables as they fall due.

The Group manages their liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities:

	Amount in Php	
	Within One Year	Total
As of March 31, 2021		
Loans payable	3,383,466,680	3,383,466,680
Trade and other payables	10,804,746,754	10,804,746,753.76
Due to related parties	77,829,590	77,829,589.84
	14,266,043,024	14,266,043,024
As of December 31, 2020		
Loans payable	3,533,466,680	3,533,466,680.38
Trade and other payables	9,670,565,636	9,670,565,636.44
Due to related parties	75,894,675	75,894,675.07
	13,279,926,992	13,279,926,992

Note: The amount does not include government liabilities which are not considered financial liabilities.

17. CAPITAL MANAGEMENT RISK

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the profits of the shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, trade and other payables and due to related parties as offset by cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The debt to equity ratio of the Group at each reporting period is within the acceptable range as the Group regularly reviews its financials to ensure compliance with this capital requirement.

	Amount in Php	
	As of March 31, 2021	As of December 31, 2020
Debt	15,939,518,516	14,840,155,035
Less : Cash and cash equivalents	2,077,105,938	1,229,381,273
Net debt	13,862,412,578	13,610,773,762
Equity	22,693,172,013	21,436,210,593
Debt to equity ratio	0.61:1	0.63:1