Annex "B"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 - 0 0 5 8 9

Company Name

GREENERGY HOLDINGS INCORPORATED

Principal Office (No./Street/Barangay/City/Town)Province)

54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	STOCK ISSUER

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
www.ghi.com.ph	(02) 8 997-5184	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1024	2nd Friday of June	31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Kenneth S. Tan	kenneth.tan@ghi.com.ph	(02) 8 997-5184	N/A

Contact Person's Address

Unit 112 Cedar Mansion II, No. 7 St. Jose Ma. Escriva Drive, Ortigas Center, Pasig City

Note : *1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/ or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

Gmail **greenergy holdings <greenergyhold2020@gmail.com>**

Your BIR AFS eSubmission uploads were received

eafs@bir.gov.ph <eafs@bir.gov.ph> Fri, May 13, 2022 at 9:32 PM
To: GREENERGYHOLD2020@gmail.com
Cc: GREENERGYHOLD2020@gmail.com

Hi GREENERGY HOLDINGS, INCORPORATED,

Valid files

- EAFS001817292AFSTY122021.pdf
- EAFS001817292ITRTY122021.pdf
- EAFS001817292OTHTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-Q2NRMMV103WW3VPZTM1YZ21YN0P1XRW1XW**
Submission Date/Time: **May 13, 2022 09:32 PM**
Company TIN: **001-817-292**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A, Pulilan, Bulacan
Tel. No. (02) 997-5184

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **GREENERGY HOLDINGS INCORPORATED** is responsible for the preparation and fair presentation of the Parent Company financial statements, including the schedules attached therein for the years ended December 31, 2021 and 2020 in accordance with the Philippine Financial Reporting Standard, and for such internal control as Management determines is necessary to enable the preparation of Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.S. Bernaldo & Associates, and Constantino and Partners, the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020, respectively, have audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audits.

Signed this 23th day of April 2022.

ANTONIO L. TIU
Chairman of the Board

DAVE ALMARINEZ
President / CEO

KENNETH TAN
Treasurer / CFO

SUBSCRIBED AND SWORN TO before me this 13th day of May, 2022, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Name	Competent Evidence of Identity	Expiration Date & Place of Issue
Antonio L. Tiu	Passport No. P5749783A	Valid until 24 January 2028; issued at the DFA-Manila
Kenneth S. Tan	DL No. N04-90-144089	Valid until 26 December 2031 issued By LTO
Dave Almarinez	DL No. D04-91-048525	Valid until 29 August 2024 issued By LTO

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Book No. XII
Series of 2022

Atty Rosalinda A. Montenegro
Notary Public
Until December 31, 2022
PTR No. 583212 1/03/22
IBP No. AR 10998326 1/4/21
Roll No. 68465
ADM Matter No. NP 024 (2020-2021)
MCLE Compliance No. VI-005347
Extended Until June 30, 2022 as per B.M. No. 3795
Add: unit 312 Acre Bldg., 137 Malakas St. Brgy Central, Q.C.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
GREENERGY HOLDINGS INCORPORATED
No. 54 National Road
Dampol II-A, Pulilan
Bulacan

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the Parent Company financial statements of **GREENERGY HOLDINGS INCORPORATED** (the "Parent Company"), which comprise the Parent Company statement of financial position as at December 31, 2021 and the Parent Company statement of comprehensive income, Parent Company statement of changes in equity and Parent Company statement of cash flows for the year then ended, and notes to the Parent Company financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in *the Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the Parent Company financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the Parent Company financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

Other Matter

The financial statements of the Parent Company for the year ended December 31, 2020, were audited by another auditor who expressed an unqualified opinion on those financial statements on report dated April 28, 2021.

As part of our audit of the December 31, 2021 financial statements, we also audited the reclassifications described in Note 23 that were applied to amend the December 31, 2020 Parent Company financial statements. In our opinion, such reclassifications are appropriate and have been applied. We were not engaged to audit, review or apply any procedure to December 31, 2020 financial statements of the Parent Company other than with respect to the reclassifications; accordingly, we do not express an opinion or any other form of assurance on the December 31, 2020 financial statements taken as a whole.

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

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

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on the Supplementary Information Required Under Revenue Regulation 15-2010

Our audit was conducted for the purpose of forming an opinion on the basic Parent Company financial statements taken as a whole. The supplementary information under Revenue Regulations 15-2010 in Note 25 to the Parent Company financial statement is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic Parent Company financial statements. Such information is the responsibility of the Management of **GREENERGY HOLDINGS INCORPORATED.** The information has been subjected to the auditing procedures applied in our audit of the basic Parent Company financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic Parent Company financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is **REAN G. ABALOS.**

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
IC Accreditation No. F-2019-004-R
Valid until October 1, 2022

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 1781-A
Valid until September 23, 2022
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 271-226-260
PTR No. 8855244
Issued on January 5, 2022 at Makati City

May 10, 2022
Makati City, Metro Manila

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Figures as of December 31, 2020)

(Amounts in Philippine Pesos)

	Notes	2021	2020
ASSETS			
Current Assets			
Cash	6	**1,208,242**	1,806,955
Receivables	7	**250,120,947**	250,124,947
Due from relates parties – net	13	**257,429,480**	321,812,379
Input VAT		**-**	-
Total Current Assets		**508,758,669**	573,744,281
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	8	**1,074,337,359**	1,458,373,432
Investment in subsidiaries – net	10	**328,951,659**	325,201,659
Deposit for land acquisition	9	**8,600,000**	8,600,000
Total Noncurrent Assets		**1,411,889,018**	1,792,175,091
		1,920,647,687	2,365,919,372
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**279,920**	289,867
Due to related parties	13	**197,981,037**	84,593,826
Income tax payable	17	**-**	4,058
Deposit for future stock subscription	13	**-**	-
Total Current Liabilities		**198,260,957**	84,887,751
Equity			
Capital stock			
Common shares – P1 par value			
Authorized – 4,900,000,000 shares in 2021 and 1,900,000,000 shares in 2020			
Paid-up capital – 1,939,099,948 shares in 2021 and 1,704,778,573 in 2020	14	**1,939,099,849**	1,704,778,573
Preferred – P0.10 par value			
Authorized and subscribed – 1,000,000,000 shares	14	**100,000,000**	100,000,000
Additional paid-in capital	14	**283,715,531**	268,090,531
Deposit for future stock subscription	13	**-**	221,821,275
Cumulative fair value loss on financial assets at FVOCI	8	**(2,214,830,598)**	(1,640,670,111)
Retained earnings		**1,614,401,948**	1,627,011,353
Total Equity	20	**1,722,386,730**	2,281,031,621
		1,920,647,687	2,365,919,372

See Accompanying Notes to Parent Company Financial Statements.

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for the Year Ended December 31, 2020)
(Amounts in Philippine Pesos)

	Notes	**2021**	2020
INCOME			
Foreign exchange gain	6	**3,086**	-
Interest income	6	**783**	717
Reversal of impairment loss	10,13	**-**	480,619
Reversal of payables	12	**-**	116,332
Gain on sale of investment	8	**-**	86,578
		3,869	684,246
GENERAL AND ADMINISTRATIVE EXPENSES	15	**12,614,288**	37,157,946
LOSS BEFORE INCOME TAX		**(12,610,419)**	(36,473,700)
INCOME TAX EXPENSE (BENEFIT)	17	**(1,014)**	4,058
NET LOSS		**(12,609,405)**	(36,477,758)
OTHER COMPREHENSIVE LOSS			
Not reclassified subsequently to profit or loss			
Fair value loss on financial asset at FVOCI	8	**(574,160,487)**	(1,002,631,734)
TOTAL COMPREHENSIVE LOSS		**(586,769,892)**	(1,039,109,492)

See Accompanying Notes to Parent Company Financial Statements.

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for the Year Ended December 31, 2020)

(Amounts in Philippine Pesos)

	Notes	**2021**	2020
CAPITAL STOCK			
Common shares – P1 par value			
Balance at beginning of year		**1,800,778,573**	1,800,778,572
Issued during the year		**578,178,726**	1
Conversion from deposit for future stock subscription		**221,821,275**	-
Balance at end of year		**2,600,778,574**	1,800,778,573
Subscriptions receivable			
Balance at beginning of year		**(96,000,000)**	(97,500,000)
Additions during the year		**(565,678,725)**	-
Collections during the year		**-**	1,500,000
Balance at end of year		**(661,678,725)**	(96,000,000)
Common stock net of subscription receivable	14	**1,939,099,849**	1,704,778,573
Preferred – P0.10 par value			
Issued	14	**100,000,000**	100,000,000
		2,039,099,849	1,804,778,573
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		**268,090,531**	268,090,531
Additions during the year		**15,625,000**	-
Balance at end of year	14	**283,715,531**	268,090,531
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION			
Balance at beginning of year		**221,821,275**	-
Transfer from liability	13	-	221,821,275
Conversion to capital stock	14	**(221,821,275)**	-
		-	221,821,275
CUMULATIVE FAIR VALUE LOSS ON FINANCIAL ASSET AT FVOCI			
Balance at beginning of year		**(1,640,670,111)**	(638,038,377)
Fair value loss during the year	8	**(574,160,487)**	(1,002,631,734)
Balance at end of year		**(2,214,830,598)**	(1,640,670,111)
RETAINED EARNINGS			
Balance at beginning of year		**1,627,011,353**	1,663,489,111
Net loss during the year		**(12,609,405)**	(36,477,758)
Balance at end of year		**1,614,401,948**	1,627,011,353
		1,722,386,730	2,281,031,621

See Accompanying Notes to Parent Company Financial Statements.

GREENERGY HOLDINGS INCORPORATED

PARENT COMPANY STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Comparative Figures for the Year Ended December 31, 2020)

(Amounts in Philippine Pesos)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(12,610,419)**	(36,473,700)
Adjustments for:			
Provision for impairment loss	15	**1,023,452**	33,301,575
Gain on sale of financial assets at FVOCI	8	**-**	(86,578)
Reversal of payables	12	**-**	(116,332)
Interest income	6	**(783)**	(717)
Unrealized foreign exchange loss (gain)	6	**(3,086)**	2,989
Reversal of allowance for impairment	10,13	**-**	(480,619)
Operating loss before working capital changes		**(11,590,836)**	(3,853,382)
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Receivables		**4,000**	63,882
Input VAT		**(16,496)**	(104,977)
Decrease in:			
Trade and other payables		**(9,947)**	(13,681,686)
Cash used in operations		**(11,613,279)**	(17,576,163)
Interest received	6	**783**	717
Income taxes paid		**(3,044)**	(163,131)
Net cash used in operating activities		**(11,615,540)**	(17,738,577)
CASH FLOWS FROM INVESTING ACTIVITIES			
Collections from related parties	13	**67,562,484**	12,873,354
Proceeds from sale of financial assets at FVOCI	8	**-**	1,731,241
Investment in subsidiaries	10	**(3,750,000)**	(2,480)
Advances to related parties	13	**(4,186,541)**	(67,560)
Additions to financial assets at fair value through other comprehensive income (FVOCI)	8	**(190,124,414)**	(1,644,663)
Net cash provided by (used in) investing activities		**(130,498,471)**	12,889,892
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties	13	**113,387,211**	5,120,018
Increase in additional paid-in capital	14	**15,625,000**	-
Proceed from issuance of shares	14	**12,500,001**	1
Collections of subscriptions		**-**	1,500,000
Payments to related parties	13	**-**	(503,029)
Net cash provided by financing activities		**141,512,212**	6,116,990
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	6	**3,086**	(2,989)
NET INCREASE (DECREASE) IN CASH		**(598,713)**	1,265,316
CASH AT BEGINNING OF YEAR		**1,806,955**	541,639
CASH AT END OF YEAR		**1,208,242**	1,806,955

See Accompanying Notes to Parent Company Financial Statements.

GREENERGY HOLDINGS INCORPORATED

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS
DECEMBER 31, 2021
(With Comparative Figures as of and for the Year Ended December 31, 2020)
(Amounts in Philippines Pesos)

1. Corporate Information and Status of Operations

Greenergy Holdings Incorporated (the "Parent Company") was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, SEC approved the amendment of its Articles of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly-listed in the Philippine Stock Exchange (PSE) under the symbol (GREEN).

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes thesame may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property; and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the Parent Company shall not engage as stock brokers or dealers in securities.

The Parent Company's principal address is located at 54 National Road, Dampol II-A, Pulilan, Bulacan. The Parent Company's registered business address is located at Unit 112 Cedar Mansions II, #7 St. Jose Maria Escriva Drive, Ortigas Center, Barangay San Antonio, Pasig City.

Effect of COVID-19 Pandemic

Following the sharp spread of COVID-19, the Philippines had been brought under state of calamity, bringing the entire Luzon under Enhanced Community Quarantine (ECQ) (Proclamation Nos. 929 and 922). The ECQ resulted to banning of public transportation, shifted to work from home arrangements for employees of private establishments, travel restrictions and temporarily stop of the operations for private entities not engaged in providing basic necessities. These measures have caused disruptions to businesses and economic activities, and its impact on businesses still continue to evolve. On March 21, 2021, the Inter-Agency Task Force on Emerging Infectious Diseases (IATF) made a proposal in Resolution No. 104 which was approved by the President of the Philippines which places Metro Manila and other provinces (NCR Plus) to extended GCQ from March 22 to April 4, 2021. A week after being placed under GCQ, on March 27, 2021, Metro Manila and four adjacent provinces have been placed under ECQ starting March 29 until April 11, 2021. Subsequently, NCR Plus was placed under Modified ECQ until end of April.

The Parent Company's management and BOD will continuously monitor the impact and will plan accordingly to minimize and (or) mitigate further risk on the Parent Company's financial performance and position.

As at December 31, 2021 and 2020, the Parent Company holds investments in the following subsidiaries:

Investee	Country of Incorporation	Principal Activity	Principal place of business	Functional Currency	Ownership 2021	Ownership 2020
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	Philippine Peso (PHP)	**100.00%**	100.00%
Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment holding	Makati City	Philippine Peso (PHP)	**100.00%**	100.00%
Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real estate and agriculture	Makati City	Philippine Peso (PHP)	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Philippines	Information technology	Makati City	Philippine Peso (PHP)	**51.00%**	51.00%
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste management facility	Pulilan, Bulacan	Philippine Peso (PHP)	**51.00%**	51.00%
Yakuru Group Pty. Limited (YGPL)	Australia	Professional, Scientific and technical Services	New South Wales, Australia	Australian Dollar (AUD)	**51.00%**	51.00%
Ocean Biochemistry Technology Research, Inc. (OBTRI)	Philippines	Trading of goods and commodities	Pulilan, Bulacan	Philippine Peso (PHP)	**60.00%**	-

<u>Going Concern</u>
The Parent Company financial statements have been prepared on a going concern basis, which assumes that the Parent Company will be able to continue towards increasing revenues and improving its operations despite significant losses incurred over the years. The Parent Company shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture,waste management facility, information technology, wholesale and retail.

In view thereof, the Parent Company has started an active campaign to gain new clients as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas in 2019. The Parent Company plans to invest in green and sustainable projects and aims to become carbon neutral Company by the year 2030 under vision #GREEN2030. As a result, the Parent Company has the following business activities:

A. On March 25, 2021, the Parent Company executed a Memorandum of Agreement (the "MOA") with Ala Eh Knit, Inc. ("Ala Eh"), an affiliate of Abacore Capital Holdings, Inc., ("ABA") for the development and operation of a logistics center and food terminal in a three-hectare property in Barangay Santa Rita, Aplaya, Batangas City (the "Property").

   Under the MOA, Ala Eh shall amend its Articles of Incorporation as follows:
   1. Increase its authorized capital stock to ₱1,500,000,000 (the "Increase"),
   2. Change its primary purpose to allow it to engage in the business of operating, managing, leasing, and developing the Logistic Center and the Food Terminal Complex, and
   3. Change its corporate name.

   The existing shareholders of Ala Eh shall likewise infuse the Property into Ala Eh in exchange for such number of shares equivalent to 40% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the existing shareholders' intended subscription is Six Hundred Million Pesos (₱600,000,000). The Parent Company, on the other hand, shall subscribe to such number of shares equivalent to 60% of the total outstanding capital stock of Ala Eh after the Increase. The total amount of the Parent Company's intended subscription is Nine Hundred Million Pesos (₱900,000,000). The Parent Company shall manage the construction, development and operation of the Logistics Center consisting of cold and dry storage facilities, agri-processing facilities and other facilities that are necessary for marketing and procurement activities.

As at April 28, 2021, pursuant to the MOA, the Parent Company and Ala Eh are still in discussion on the most tax efficient manner of infusing the Property into Ala Eh. Once the parties have agreed on said manner of transfer, Ala Eh shall proceed to get the necessary approvals from its Board of Directors, stockholders, the SEC, and other relevant regulatory agencies, if any, to implement the transactions contemplated under the MOA (e.g., amendments of the Articles of Incorporation, infusion of the Property, execution of subscription agreement, etc.)

B. On March 1, 2021, the Parent Company, ABS-CBN Corporation ("ABS-CBN") and iBayad Online Ventures, Inc. ("iBayad") executed a legally binding Term Sheet for the acquisition by the Parent Company of fifty-one million (51,000,000) fully paid common shares of U-Pay Digital Technologies, Inc. ("U-Pay") from ABS-CBN which would result in the Parent Company owning fifty-one percent (51%) of the outstanding capital stock of U-Pay (the "Transaction"). The Parent Company shall pay the total amount of Fifty-Four Million Pesos (₱54,000,000) as consideration for the Transaction.

Under the Term Sheet, iBayad shall provide expertise in financial technology, programs and software applications it has developed and will develop for U-Pay, including the service and maintenance thereof. Further, the execution of the definitive agreements is conditioned on a satisfactory legal, financial and environmental, social and governance due diligence by the Parent Company. The Parent Company is given 45 days from execution of the Term Sheet within which to complete the due diligence. The Transaction is also subject to approvals of pertinent government authorities.

U-Pay is a fintech company engaged in the business of customer and merchant e-wallet/e-money services and other related services, operating a platform therefor, as well as advertising, producing, distributing, and marketing products and services that are connected to the operations of said business. It has a Type "C" E-Money Issuer license issued by the Bangko Sentral ng Pilipinas and duly registered to operate as a Remittance and Transfer Company.

On July 30, 2021, the BOD authorized the Parent Company to enter into a Share Purchase Agreement with ABS-CBN for: (i) the investment of the Company in U-Pay through acquisition from ABS-CBN of 51,000,000 shares of stocks of U-pay (the "Subject Shares") with a par value of ₱1.00 per share, at a price of its total par value of ₱51,000,000 (the "the Purchase Price"), which would result in the Company owning 51% of the outstanding capital stock of U-Pay: and (ii) payment of additional consideration of ₱3,000,000 for disbursement of fees and charges due on U-Pay's governmental permits and licenses, reimbursement for the pre-operating expenses advanced by ABS-CBN to U-Pay and assignment to U-Pay of ABS-CBN's rights and interests to the marks and all other intellectual property rights created and developed by ABS-CBN.

Also, the Parent Company was authorized to enter into a Shareholder's Agreement with the existing shareholder of U-Pay, iBayad, which will govern the relationship between the said corporation and the Parent Company as shareholder of U-Pay.

On the same day, the Share Purchase Agreement was executed between the Parent Company and ABS-CBN. The closing date of the Transaction shall be subject to the completion of certain conditions precedent to closing, including the issuance by the Bangko Sentral ng Pilipinas ("BSP") of a letter of no objection ("LONO") to the acquisition of the Subject Shares by the Company, which shall not be later than 30 September 2021.

On September 30, 2021, the parties agreed to the extension of the closing date provided in the Share Purchase Agreement to November 15, 2021. Subsequently, on November 15, 2021, the Company and ABS-CBN agreed to further extend the closing date to December 15, 2021 in view of the pendency of the issuance by the BSP of the LONO in relation to the Transaction, which is one of the conditions precedents to the closing date.

Considering that the parties have yet to receive the LONO from the BSP, the parties have mutually agreed to further extend the closing date of the Transaction to June 30, 2022.

C. On August 10, 2021 the Board of Directors approved the authority of the Parent Company to execute a Memorandum of Agreement with Sky Cable Corporation ("Sky Cable"), for the offering of public/community Wi-Fi services located at various sites within Sky Cable's franchise areas in Makati City.

   On September 13, 2021, the parties executed the Proof of Concept Agreement (the "Agreement") wherein the parties mutually agreed to conduct a trial project to verify the commercial viability and test the technical aspects of the offering of public/community Wi-Fi services located at various sites within Sky Cable's franchise areas in Makati City and the Parent Company's designated locations. The Agreement shall be effective upon the date of its execution and shall terminate on 30 November 2021, unless otherwise extended by mutual consent of the parties."

   As of December 31, 2021, the Parent Company is currently doing Proof of Concept with roll-out of auto vending machines in key locations.

D. On July 23, 2021, the Parent Company executed a Memorandum of Agreement ("MOA") with Dito Telecommunity Corporation ("DITO") whereby the Company shall render commission-based lead generation services to DITO to lead the public to DITO-related programs and services through offline or online/digital means using its own system or the system of any of its third-party affiliates. The Parent Company and DITO will also collaborate in other areas through co-marketing efforts to support the expansion of DITO's client base and at the same time promote the Parent Company's digital initiatives. The MOA shall have a term of one (1) year, renewable upon the agreement of the parties.

   This collaboration between the Parent Company and DITO will pave the way for the conversion of the Parent Company's existing clients, partners, and affiliates to become DITO mobile subscribers, and will expand the Company's vision to build a digital ecosystem for the agricultural sector under vision #GREEN2030.

   DITO is a licensed telecommunications company with the necessary franchise, equipment, and capability to operate a mobile telecommunication network and offer products and services to the public such as postpaid and prepaid mobile plans and co-branded handsets and other merchandise.

   As of December 31, 2021, the Parent Company is currently testing the reloading using U-Pay Application within ANI's ecosystem.

E. On February 23, 2021, the Parent Company executed a Subscription Agreement with Ocean Biochemistry Technology Research, Inc. ("OBTRI") wherein the Parent Company subscribed to thirty-seven thousand five hundred (37,500) primary common shares of OBTRI from the unissued portion of the latter's outstanding capital stock with a subscription price per share of One Hundred Pesos (₱100) or an aggregate subscription price of Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000) ("Subscription Price"). The Parent Company has paid 25% of the Subscription Price upon execution of the Subscription Agreement while the balance shall be paid upon call by the Board of Directors of OBTRI. Upon issuance of the shares, the Parent Company shall hold 60% of the total issued and outstanding shares of OBTRI.

   OBTRI is a domestic corporation engaged in the business of manufacturing and trading. Upon compliance with the relevant regulatory requirements, it intends to engage in manufacturing and trading of pharmaceutical, nutraceutical and alternative medicine and will secure a registration with the Food and Drug Administration. It is 51% owned by M2000 Imex Company, Inc., a wholly-owned subsidiary of AgriNurture, Inc., prior to the Parent Company's subscription."

F. On January 26, 2021, the Parent Company executed a Memorandum of Agreement (the "Agreement") with ITBS Information Technology Business Solutions Corp. ("ITBS") for the integration of ePitaka, a payment platform system for financial transactions developed by the Parent Company's related parties, with ITBS' Smart Country Ecosystem's electronic Know Your Citizen platform installed by ITBS in various local government units in the Philippines. The Agreement has a term of three years with an option to renew for another two years upon expiration of the original term.

G. On April 11, 2019, the Parent Company entered into an International Distributorship Agreement (IDA) with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one year, with an option to renew for another year upon expiration of the original term. On April 10, 2020, the Agreement was extended for a period of 30 days or until May 10, 2020. On May 11, 2020, the parties mutually agreed to have the Parent Company, through its wholly-owned subsidiary, Winsun Green Ventures, Inc. (WGVI), continue as distributor of Hanergy's solar products in the Philippines. On the same date, WGVI and Hanergy Thin Film Power Asia Pacific Limited executed an International Distributorship Agreement.

   On May 11, 2021, the agreement between Hanergy and WGVI expired. WGVI decided not to renew the Agreement and open up supply sourcing of its pending project from any solar panel suppliers which can offer the best technology at efficient cost, in light of the advancement in global solar technology and improved cost efficiency.

H. On September 9, 2020, the Board of Directors approved the incorporation of Yakuru Group Pty. Limited (YGPL) under the laws of Australia, wherein the Parent Company shall hold 51% equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

I. On July 17, 2019, the Parent Company also entered into a Memorandum of Agreement (MOA) with RYM Business Management Corp. ("RYM") and certain landowners in connection with an investment in Prime Media Holdings, Inc. ("Prime"). Under the MOA, properties in, among others, the Province of Rizal will be invested, infused and contributed to Prime in exchange for primary common shares to be issued from the latter's unissued authorized capital stock (the "Investment"). The Investment is subject to verification and validation by RYM of the titles and ownership rights of the landowners.

On October 15, 2019, the Parties agreed to the extension of the prescribed periods provided in the Agreement. However, upon review of the pertinent documents related to the parcels of land and the investment, additional period is required to finalize the due diligence audit, to complete the appraisal report, and to implement the investment. In view thereof, on July 1, 2020, the Parties have agreed to further extend the following periods in relation to the MOA:

1. An additional period of one hundred eighty (180) days from July 1, 2020 for the validation and verification of titles and the issuance of the appraised reports;
2. An additional period of two hundred ten (210) days from July 1, 2020 to execute the first (1st) tranche of the Investment; and
3. An additional period of two hundred forty (240) days from July 1, 2020 to execute the second (2nd) tranche of the Investment.

However, on December 28, 2020 the Parent Company and RYM decided to no longer pursue the transaction contemplated under the MOA due to the impact of the COVID-19 pandemic, the resulting prolonged community quarantine, and the effect thereof on real estate property businesses.

With the above investments, Management of the Parent Company assessed that the going concern assumption remains to be appropriate as the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The Parent Company financial statements do not include any adjustments to affect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that result from the outcome of this uncertainty.

Authorization for Issuance of Financial Statements

The accompanying financial statements of the Parent Company as at and for the year ended December 31, 2021 were authorized for issue by the Board of Directors (BOD) on April 23, 2022.

2. Basis of Preparation

Basis of Preparation of Parent Company Financial Statements

The Parent Company financial statements have been prepared using the historical cost basis except for certain financial instruments that are carried either at fair value or at amortized cost. These financial statements are presented in Philippine Peso, the Parent Company's functional and reporting currency under Philippine Financial Reporting Standard (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The Parent Company also prepares and issues consolidated financial statements for the same period as the separate financial statements present, in compliance with PFRS, which may be obtained from Securities and Exchange Commission (SEC).

Statement of Compliance

The accompanying Parent Company financial statements have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by Securities and Exchange Commission (SEC).

Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

3. Adoption of New and Revised Accounting Standards

The Philippine Financial Reporting Standards Council (FRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term "PFRS" in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the FRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Parent Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

New and Revised PFRSs Applied with No Material Effect on the Parent Company Financial Statements

The following new and revised PFRSs have been adopted in these Parent Company financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

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

  The following are the amendments to PFRS 16:

  - provide lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification;
  - require lessees that apply the exemption to account for COVID-19 related rent concessions as if they were not lease modifications;
  - require lessees that apply the exemption to disclose that fact; and
  - require lessees to apply the exemption retrospectively in accordance with PAS 8, but not require them to restate prior period figures.

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

<u>New and Revised PFRSs in Issue but Not Yet Effective</u>
The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the Parent Company financial statements.

<u>Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)</u>

- Amendments to PFRS 16, *COVID-19-Related Rent Concessions beyond June 30, 2021*

  The following are the amendments to PFRS 16:

  - permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
  - require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
  - require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
  - specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.

  The amendments are effective for annual reporting periods beginning on or after April 1, 2021, with earlier application permitted.

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

  The following are the amendments in reference to the conceptual framework:

  - update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
  - add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

  The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

  The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. An entity applies the amendments retrospectively 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 Parent Company financial statements in which the entity first applies the amendments.

- 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 can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or 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 are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Entities apply the amendments 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.

- Annual Improvements to PFRS Standards 2018-2020 Cycle

  Amendments to PFRS 1, *Subsidiary as a first-time adopter* - The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing 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.

  Amendments to PFRS 16, *Lease Incentives* - The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

  Amendments to PAS 41, *Taxation in fair value measurements* - The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

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

  The amendments to PAS 1 are the following:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments defer the effective date of the January 2020 *Classification of Liabilities as Current or Non-Current (Amendments to PAS 1)* to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The amendment also clarifies the following:

  - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
  - A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
  - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period., with earlier application permitted.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies*

  The amendments to PAS 1 are the following:

  - an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- Amendment to PAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*

  The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

  The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted.

- Amendment to PFRS 17, *Initial Application of PFRS 17 and PFRS 9—Comparative Information*

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of Parent Company financial statements.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

  PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9 Financial Instruments and PFRS 15 Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

  An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are effective to annual reporting periods beginning on or after January 1, 2025.

Deferred

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

  The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

  On January 13, 2016, the FRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Summary of Significant Accounting and Financial Reporting Policies

Principal accounting and financial reporting policies applied by the Parent Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 Fair Value Measurement

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

When measuring fair value, the Parent Company takes into consideration 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.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Parent Company considers the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

A fair value measurement assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or an entity's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- 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.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

The Parent Company recognizes a financial asset in its Parent Company statement of financial position when, and only when, the Parent Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Parent Company measures trade receivables that do not have a significant financing component at their transaction price.

At initial recognition, the Parent Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

4.02.02 Classification

- Financial Asset at Amortized Cost

  A financial asset shall be measured at amortized cost if both of the following conditions are met:

  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
  - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  The Parent Company's financial assets measured at amortized cost include cash in banks, nontrade receivables and due from related parties.

  a) Cash

  Cash includes cash on hand which is stated at face value and cash deposits held at call with bank that are subject to insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

  b) Receivables and Due from Related Parties

  Receivables and due from related parties are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of the foregoing receivables is established when there is objective evidence that the Parent Company will not be able to collect all amounts due according to the original terms of the receivables.

- Financial Asset at Fair Value through Other Comprehensive Income

  The Parent Company makes an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income.

  The Parent Company's financial assets measured at FVOCI pertains to equity securities.

  The Parent Company does not have financial assets measured at fair value through profit and loss in both years.

4.02.03 Reclassification

When, and only when, the Parent Company changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with Note 4.02.02. If the Parent Company reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Parent Company shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

4.02.04 Effective Interest Method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.05 Impairment

The Parent Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Parent Company adopted the general approach in accounting for impairment.

- General Approach

  The Parent Company applies general approach to cash in banks, nontrade receivables and due from related parties. At each reporting date, the Parent Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Parent Company measures the loss allowance equal to 12-month expected credit losses.

  The Parent Company compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

  The Parent Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Parent Company assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

  The Parent Company did not apply the 30 days past due rebuttable presumption because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

  If the Parent Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

  The Parent Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

  The Parent Company performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

  The Parent Company did not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit impaired or not. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

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

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.06 Derecognition

The Parent Company derecognizes a financial asset when, and only when the contractual rights to the cash flows of the financial asset have expired or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.02.07 Write-off

The Parent Company directly reduces the gross carrying amount of a financial asset when the Parent Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.03 Investment in Subsidiaries

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by another entity known as parent. Control is the exposure or rights, to variable returns from the involvement with an investee and the ability to affect those returns through its power over an investee.

Investments in subsidiaries are accounted under the cost method. Under the cost method, the Parent Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

If the Parent Company loses control of a subsidiary, the Parent Company recognizes any investment retained in the former subsidiary at its fair value at the date when control is lost or recognizes any resulting difference as a gain or loss in profit or loss attributable to the Parent Company.

4.04 Interests in Joint Arrangement

A joint arrangement is a contractual arrangement whereby the Parent Company and other parties have agreed sharing of control of an arrangement, which exist only when decisions about relevant activities require the unanimous consent of the parties sharing. The sharing of control is also known as joint control. A joint arrangement can either be a joint venture or a joint operation.

4.04.01 Joint Venture

A joint venture is a joint arrangement whereby the Parent Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Parent Company accounts the investment under the cost method. The Parent Company recognizes as income the dividends received that are distributed from net accumulated earnings of the investee since the date of acquisition by the investor. Dividends received that are in excess of the earnings subsequent to the date of acquisition are not income and therefore considered as return or reduction of investment.

The requirements of PFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Parent Company's investment in joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4.05 Property and Equipment

Property and equipment are initially measured at cost. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property 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 Parent Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives of the assets as follows:

Transportation equipment	5 years
Furniture, fixtures and equipment	5 years

The property and equipment's residual values, useful lives and depreciation method are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. 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 profit or loss.

4.06 Deposit for Land Acquisition

Deposit for land acquisition mainly represents cash payment to acquire land. This is initially recorded at the cash amount deposited and subsequently stated at cost, less impairment losses, if any.

4.07 Impairment of Assets

At each reporting date, the Parent Company assesses whether there is any indication that any assets other than financial assets that are within the scope of PFRS 9, *Financial Instruments* 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Parent Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as an income.

4.08 Financial Liabilities

4.08.01 Initial Recognition and Measurement

The Parent Company shall recognize a financial liability in its Parent Company statement of financial position when, and only when, the Parent Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Parent Company shall measure a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.08.02 Classification

The Parent Company shall classify all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate;
- contingent consideration recognized by an acquirer in a business combination.

The Parent Company's financial liabilities measured at amortized cost include trade and other payables (excluding government payables) and due to related parties.

The Parent Company does not have financial liabilities at fair value through profit or loss in both years.

4.08.03 Derecognition

The Parent Company removes a financial liability (or part of a financial liability) from its Parent Company statement of financial position when, and only when, it is extinguished (i.e., when the obligation in the contract is discharged or cancelled or have expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.08.04 Deposit for Future Stock Subscription

Deposit for future stock subscription is defined as a subscription agreement which, among other things, states that the Parent Company is not contractually obliged to return the consideration received and that the Parent Company is obliged to deliver fixed number of own shares of stock for a fixed amount of cash or property paid or to be paid by the contracting party.

Deposit for future stock subscription is classified as equity if all the conditions required for such recognition have been met as of the end of the reporting period otherwise, if not, classified as liability.

Deposit for future stock subscription is classified as equity when all of the following conditions are met as of the end of the reporting date:

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

4.09 Equity instruments

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

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

4.10 Employee Benefits

4.10.01 Short-term Benefits

The Parent Company recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Parent Company to its employees includes salaries and wages, SSS, PHIC and HDMF and other benefits.

4.10.02 Post-employment Benefits

The Parent Company does not have a formal retirement benefit plan. However, the Parent Company will provide retirement benefits in compliance with Republic Act (RA) 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

4.11 Provisions and Contingent Asset

4.11.01 Provisions

Provisions are recognized when the Parent Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Parent Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where 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, a 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 each reporting date and adjusted to reflect the current best estimate.

4.11.02 Contingent Asset

Contingent asset is not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent asset is disclosed only when an inflow of economic benefits is probable.

4.12 Revenue

4.12.01 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Parent Company and the amount of revenue can be measured reliably. Finance 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 on initial recognition.

4.13 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Parent Company.

The Parent Company recognizes expenses in the Parent Company statement of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.14 Foreign Currency Transactions

In preparing the Parent Company financial statements of the Parent Company, transactions in currencies other than the Parent Company's functional currency, i.e., foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognized in profit or loss in the period in which they arise.

4.15 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Parent Company that is preparing its financial statements. A person or a close member of that person's family is related to Parent Company if that person has control or joint control over the Parent Company, has significant influence over the Parent Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Parent Company if any of the following conditions applies:

- The entity and the Parent Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- The entity is a post-employment benefit plan for the benefit of employees of either the Parent Company or an entity related to the Parent Company. If the Parent Company is itself such a plan, the sponsoring employers are also related to the Company.
- The entity is controlled or jointly controlled by a person identified above.
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Parent Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

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

4.16 Taxation

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

4.16.01 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the Parent Company statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Parent Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.16.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Parent Company financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carry-over (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences 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 assets and liabilities 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 Parent Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

4.16.03 Current and Deferred Taxes for the Period

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 tax is also recognized outside profit or loss.

4.16.04 Impact of Change in Tax Regime

Components of tax expense include any adjustments recognized in the period for current tax of prior period and the amount of deferred tax expense (income) relating to changes in tax rates. The provision for current income tax during the year include the difference between income tax per prior year financial statements and prior year income tax return.

Deferred tax assets and liabilities as of reporting period is remeasured using the new tax rates. The impact of remeasurement is recognized in profit or loss (i.e., provision for/benefit from deferred income tax), unless it can be recognized in other comprehensive income or another equity account.

4.17 Events after the Reporting Period

The Parent Company identifies subsequent events as events that occurred after the reporting period but before the date when the Parent Company financial statements were authorized for issue. Any subsequent events that provide additional information about the Parent Company's position at the reporting period, adjusting events, are reflected in the Parent Company financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to Parent Company financial statements when material.

4.18 Changes in Accounting Policies

The adoption of the new and revised standards and as disclosed in Note 3.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. Significant Accounting Judgments and Estimates

The preparation of the Parent Company's financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the Parent Company financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying Parent Company financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant accounting estimates and judgments and the related impact and associated risks on the Parent Company financial statements.

Judgments

In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

- *Determination of Control*

  The Parent Company controls an entity if and only if the Parent Company has all of the following:
  a. Power over the entity;
  b. Exposure, or rights, to variable returns from its involvement with the entity; and,
  c. The ability to use its power over the entity to affect the amount of the Parent Company's returns.

  The Parent Company regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control listed above. The Parent Company determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

The carrying amount of the Parent Company's investment in subsidiaries amounted to ₱328,951,659 and ₱325,201,659, as at December 31, 2021 and 2020, respectively, as shown in Note 10.

- *Classification of Financial Instruments and Measurement Criteria*
  The Parent Company classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Company's business model for managing them. The financial liability is classified in accordance with the substance of the contractual agreement and the definition of financial liability. The substance of financial liability, rather than its legal form, governs its classification in the statements of financial position.

  The Parent Company determines the classification at initial recognition and reevaluates this designation at every reporting date.

  Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with the basic lending arrangement. As of December 31, 2021 and 2020, the aggregate carrying amount of the Parent Company's financial assets measured at amortized cost amounted to ₱507,756,458 and ₱572,238,071, respectively (see Note 19).

- *Assessment of Joint Control*
  Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An entity has a control when it is exposed, or has rights to variable returns from involvement with the arrangement and has the ability to affect those returns through their power over the arrangement.

  In both years, Management assessed that the contractual arrangement with a third party and the landowners he represents gives both parties joint control since decision about the relevant activities requires the unanimous consent of both parties sharing control.

- *Classification of Joint Arrangement as a Joint Venture*
  The joint arrangement is classified into joint operations and joint ventures. The joint operations are a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement while the joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The joint arrangement agreed by the Parent Company and a third party and the landowners he represents was mutually classified by both parties as a joint venture.

  Management believes that a joint venture arrangement will maintain the parties' rights to net assets.

- *Assessment of 30 days Rebuttable Presumption*
  The Parent Company determines when a significant increase in credit risk occurs on its financial assets based on its credit management practice.

  Management believes that the 30 days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Parent Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

- *Assessment of 90 days Rebuttable Presumption*
  The Parent Company determines when a default occurs on its financial assets based on its credit management practice.

  Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on the Parent Company's historical experience past due amounts even over 90 days are still collectible.

Estimates
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment of Financial Assets*
  The Parent Company applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. In addition, Management's assessment of the credit risk on the financial assets as at the reporting date is high.

  Accordingly, an additional impairment of due from related parties amounting to ₱1,006,956 and ₱110,400 were recognized as at December 31, 2021 and 2020, respectively (see Note 13).

  The Parent Company's allowance for impairment amounted to ₱366,723,194 and ₱365,716,238 as at December 31, 2021 and 2020, respectively (see Note 13). As of December 31, 2021 and 2020, the carrying values of the Parent Company's financial assets carried at amortized cost amounted to ₱507,756,459 and ₱527,238,071, respectively (see Note 19).

- *Estimation of Impairment of Nonfinancial Assets*
  The Parent Company reviews its nonfinancial assets included in advances to employees, input VAT, investment in subsidiaries, property and equipment, and deposit for land acquisition for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected futureoperating results and significant negative industry or economic trends. As described in the accounting policy, the Parent Company estimates the recoverable amount as the higher of the net selling price and value in use.

  In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that may affect its nonfinancial assets included in advances to employees, input VAT, investment in subsidiaries, property and equipment, and deposit for land acquisition.

  The Parent Company's allowance for impairment on nonfinancial assets are as follows:

		2021		2020
Investment in subsidiaries (Note 10)	**₱**	**61,960,194**	₱	61,960,194
Input VAT		**657,896**		641,400
	₱	**62,618,090**	₱	62,601,594

  In 2021 and 2020 allowance for impairment is recognized for input VAT amounting to ₱16,496 and ₱641,400, respectively (see Note 15).

  Allowance for impairment loss recognized on investment in subsidiaries amounted to nil and P32,549,775 as at December 31, 2021 and 2020, respectively (see Note 10). The Parent Company's allowance for impairment amounted to ₱61,960,194 as at December 31, 2021 and 2020, respectively (see Note 10).

The carrying amount of the Parent Company's investment in subsidiaries amounted to ₱328,951,659 and ₱325,201,659, as at December 31, 2021 and 2020, respectively (see Note 10).

In both years, Management assessed that no indicators of impairment had existed on its advances to employees, property and equipment and deposit for land acquisition. As of December 31, 2021 and 2020, the carrying amounts of the aforementioned assets amounted to ₱8,602,210 and ₱8,606,210, respectively, as disclosed in Notes 7, 9, and 11.

- *Reviewing Residual Values, Useful Lives and Depreciation Method of Property and Equipment*
  The residual values, useful lives and depreciation method of the Parent Company's property and equipment are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date. The useful lives of the Parent Company's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Parent Company considers the expected usage, expected physical wear and tear. In addition, the estimation of the useful lives is based on Parent Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would increase the recognized expenses and decrease non-current assets. The Parent Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which the Parent Company expects to consume an asset's future economic benefits, the entity shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

  In both years, Management assessed that there is no indication of change from previous estimates since the most recent annual reporting period. As of December 31, 2021 and 2020, all of the Parent Company's property and equipment were fully depreciated but are still being used in operations, as disclosed in Note 11.

- *Non-recognition of Deferred Tax Asset*
  The Parent Company reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized prior to its expiration.

  Management believes that the Parent Company will not generate taxable profit to allow its deferred tax asset to be utilized prior to its expiration. As of December 31, 2021 and 2020, the Parent Company's unrecognized deferred tax asset amounted to ₱3,783,764 and ₱2,569,979, respectively, as disclosed in Note 17.

- *Estimation of Provision for Contingencies*
  The Parent Company is a party to certain lawsuits and claims arising in the extra-ordinary circumstances. The probable costs for the resolution of these lawsuit and claims are estimated in consultation with legal counsel and are based upon an analysis of potential outcome. No provision for probable losses has been recognized in the Parent Company's financial statements, as Management believed that the eventual liabilities under lawsuit and claims, if any, will not be material.

  The Parent Company has no provisions as at December 31, 2021 and 2020.

- *Estimation of Retirement Liability*

  Management has reviewed its obligation for retirement benefit cost in view of the requirements under Republic Act (RA 7641). Management has assessed that current employee have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit cost is recognized in the Parent Company financial statements as at December 31, 2021 and 2020. Management however will continue to have a yearly assessment of its obligations, if any, to pay retirement benefit costs.

6. Cash

This account consists of:

		2021		2020
Cash on hand	**₱**	**1,000,000**	₱	1,500,000
Cash in banks		**208,242**		306,955
	₱	**1,208,242**	₱	1,806,955

Cash in banks pertain to savings and current deposits that generally earn interest based on prevailing rates of less than 1% annually.

In 2021, cash on hand amounting to ₱1,000,000 represents cash to be used for new business projects. In 2020, cash on hand amounting ₱1,500,000 represents undeposited collection of capital stock subscriptions.

Interest income on cash in banks recognized in profit or loss in the Parent Company's statements of comprehensive income amounted to ₱783 and ₱717 in 2021 and 2020, respectively.

Cash in banks denominated in foreign currency amounted to $1,078 with Peso equivalent of ₱54,780 as at December 31, 2021 and $1,076 with Peso equivalent of ₱51,693 as at December 31, 2020. Balances have been translated at a rate of ₱50.774 to $1 as at December 31, 2021 and ₱48.036 to $1 as at December 31, 2020. Unrealized foreign exchange gain and loss amounted to ₱3,086 and ₱2,989 in 2021 and 2020, respectively. Unrealized foreign exchange loss in 2020 is reported under general and administrative expenses as 'others', (see Note 15).

7. Receivables

This account consists of:

		2021		2020
Nontrade receivables	**₱**	**250,118,737**	₱	250,118,737
Advances to employees		**2,210**		6,210
	₱	**250,120,947**	₱	250,124,947

Nontrade receivables pertain to the unsecured, collectible on demand and noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GmbH (TLCIF) subsequently assigned by TLCIF to Zhongshan Fucang Trade Co. Ltd. (ZFTC) on December 29, 2014, as consented by the Parent Company with the following terms and conditions:

a. ZFTC shall pay the nontrade receivables on or before December 31, 2016 in cash or non-cash assets acceptable to the Parent Company; and

b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTC and the Parent Company.

In 2019, the Parent Company and ZFTC agreed to convert these receivables into an investment with a particular interest. As of December 31, 2021, conversion is still in process.

Advances to employees are generally for business purposes and subject to liquidation.

All of the Parent Company's receivables are unsecured, noninterest–bearing, collectible on demand and were not pledged to any of the Parent Company's liabilities.

8. Financial Assets at FVOCI

This account pertains to the shares of stock of Agrinurture, Inc. held by the Parent Company as at December 31, 2021 and 2020.

The rollforward analysis of this account is shown below:

		2021		2020
Balance at beginning of year	₱	**1,458,373,432**	₱	2,461,005,166
Acquisition during the year		**190,124,414**		1,644,663
Disposal during the year		**–**		(1,644,663)
Fair value loss during the year		**(574,160,487)**		(1,002,631,734)
Balance at end of year	₱	**1,074,337,359**	₱	1,458,373,432

The fair value of this investment amounted to ₱1,074,337,359 at ₱4.98 per share as at December 31, 2021 and ₱1,458,373,432 at ₱8 per share as at December 31, 2020 based on the quoted price published by the PSE.

The rollforward analysis of cumulative fair value loss on financial asset at FVOCI as presented in the statement of financial position follows:

		2021		2020
Balance at beginning of year	₱	**1,640,670,111**	₱	638,038,377
Fair value loss during the year		**574,160,487**		1,002,631,734
Balance at end of year	₱	**2,214,830,598**	₱	1,640,670,111

In 2020, the Parent Company invested in Mabuhay Holdings Corporation amounting to ₱1,644,663. In the same year, the Parent Company sold the said investment at ₱1,731,241 which resulted to a gain of ₱86,578.

There are no financial assets at FVOCI that are pledged as securities for liabilities.

9. Deposit for Land Acquisition

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners it represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. The Parent Company made an initial deposit for land acquisition amounting to ₱4,600,000 in 2018.

In September 2019, the Parent Company made an additional investment amounting to ₱4,000,000.

As of December 31, 2021 and 2020, carrying amount of deposit for land acquisition amounted to ₱8,600,000.

As of December 31, 2021, necessary arrangements for the purchase of the land are still in process.

Management believes that there are no indications of impairment in its deposit as at December 31, 2021 and 2020.

10. **Investment in Subsidiaries** – net

This account consists of investments in shares of stocks of the following subsidiaries:

	2021	2020	2021	2020
			Ownership	
Sunchamp Real Estate Development Corp. (SREDC)	**62.39%**	62.39%	**₱ 365,000,000**	₱ 365,000,000
Winsun Green Ventures, Inc. (WGVI)	**100.00%**	100.00%	**20,000,000**	20,000,000
Ocean Biochemistry Technology Research, Inc. (OBTRI)	**60.00%**	–	**3,750,000**	–
Total Waste Management Recovery System, Inc. (TWMRSI)	**51.00%**	51.00%	**1,937,500**	1,937,500
Lite Speed Technologies, Inc. (LSTI)	**51.00%**	51.00%	**159,373**	159,373
Agrinurture Development Holdings, Inc. (ADHI)	**100.00%**	100.00%	**62,500**	62,500
Yakuru Group Pty. Limited (YGPL)	**51.00%**	51.00%	**2,480**	2,480
			390,911,853	387,161,853
Allowance for impairment			**(61,960,194)**	(61,960,194)
			₱ 328,951,659	₱ 325,201,659

Rollforward analysis of this account follows:

	2021	2020
Cost:		
Balance at beginning of year	**₱ 387,161,853**	₱ 387,159,373
Additions during the year	**3,750,000**	2,480
Balance at end of year	**390,911,853**	387,161,853
Allowance for impairment:		
Balance at beginning of year	**(61,960,194)**	(29,410,419)
Provision during the year (Note 15)	**–**	(32,549,775)
Balance at end of year	**(61,960,194)**	(61,960,194)
	₱ 328,951,659	₱ 325,201,659

SREDC
SREDC's principal activity is to engage in real estate and agriculture. The Parent Company owns 62.39% of the subsidiary. In 2021 and 2020, additional impairment loss was provided amounting to nil and ₱32,549,775, respectively.

WGVI
WGVI a wholly-owned subsidiary of the Parent Company was incorporated on June 22, 2012 with the primary purpose of engaging in the business of renewable energy projects. WGVI has a capital deficiency amounting to ₱66,282,007 and ₱66,712,374 as at December 31, 2021 and 2020, respectively. It started its commercial operation in 2020.

On February 22, 2019, the BOD authorized the Parent Company to make an additional investment up to ₱100,000,000 to finance the latter's "green" projects involving solar power and liquefied natural gas. As of December 31, 2021, the additional investment is not yet made.

On May 10, 2020, WGVI executed an International Distributorship Agreement ("Agreement") with Hanergy Thin Film Power Asia Pacific Limited to be the latter's distributor of its solar products in the Philippines. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. WGVI recognized ₱6,221,903 and ₱6,713,476 revenues from this agreement in 2021 and 2020, respectively.

On May 11, 2021, the agreement between Hanergy and WGVI expired. WGVI decided not to renew the Agreement and open up supply sourcing of its pending project from any solar panel suppliers which can offer the best technology at efficient cost, in light of the advancement in global solar technology and improved cost efficiency.

<u>OBTRI</u>
OBTRI, was incorporated and registered with the SEC on March 23, 2009. It is a domestic corporation engaged in the business of manufacturing and trading. Pursuant to the Subscription Agreement executed on February 23, 2021 between the Parent Company and OBTRI, the Parent Company shall hold 60% of the total issued and outstanding shares of OBTRI.

As of reporting date, OBTRI has not yet started its commercial operations.

On February 24, 2021, the Parent Company executed a Subscription Agreement with OBTRI wherein the Parent Company subscribed to thirty-seven thousand five hundred (37,500) primary common shares of OBTRI from the unissued portion of the latter's outstanding capital stock with a subscription price per share of One Hundred Pesos (₱100) or an aggregate subscription price of Three Million Seven Hundred Fifty Thousand Pesos (₱3,750,000) ("Subscription Price"). The Parent Company has paid 25% of the Subscription Price upon execution of the Subscription Agreement while the balance shall be paid upon call by the Board of Directors of OBTRI. Upon issuance of the shares, the Parent Company shall hold 60% of the total issued and outstanding shares of OBTRI.

<u>TWMRSI</u>
TMWRSI is 51% owned by the Parent Company. It was incorporated primarily to engage in the business of waste management facility. In 2013, the Parent Company advanced ₱235,008,036 to TWMRSI, which was used to acquire machinery and equipment and steel structure for the latter's waste recycling project located in Valenzuela City and which was initially expected to be in full operation in 2014. However, as at December 31, 2021, TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located. Consequently in 2014, the Parent Company's investment was provided with full allowance as management believed that investment is already impaired.

<u>LSTI</u>
LSTI, a 51% owned subsidiary of the Parent Company was registered with the SEC on August 14, 2014 to engage in the business of information and communications technology. LSTI has a capital deficiency amounting to ₱184,427 and ₱116,998 as at December 31, 2021 and 2020, respectively. In 2017, the Parent Company provided full allowance on the investment as management believed that it was already impaired. As at December 31, 2021, LSTI has not yet started its commercial operations.

<u>YGPL</u>
On September 9, 2020, YGPL under the laws of Australia, wherein the Parent Company shall hold fifty-one percent (51%) equity interest. The subscription price of AUS$51.00, paid in full, is based on the par value of the shares. This will expand the investment portfolio of the Parent Company to include biotechnology. YGPL is a proprietary company limited by shares. YGPL started its operations in the last quarter of 2020 and shall venture into biotechnology with primary focus on development and marketing of medicinal hemp globally.

ADHI

ADHI, a wholly-owned subsidiary of the Parent Company, was incorporated on June 17, 2014 to operate as a holding company for the Parent Company's agricultural portfolio. ADHI has a capital deficiency amounting to ₱380,914 and ₱320,114 as at December 31, 2021 and 2020, respectively. In 2017, the Parent Company's investment was provided with full allowance as management believed that it was already impaired. As at December 31, 2021, ADHI has not yet started its commercial operations.

Summarized financial information of the subsidiaries in 2021 and 2020 are as follows:

2021	**SREDC**	**WGVI**	**TWMRSI**	**ADHI**	**LSTI**	**YGPL**	**OBTRI**
Current assets	**₱ 372,424,205**	**₱ 6,676,655**	**₱ –**	**₱ 98,475**	**₱ 266,170**	**₱ 3,355,965**	**₱ 2,812,500**
Noncurrent assets	**170,801,275**	**10,000,000**	**–**	**20,000,000**	**10,756,900**	**2,152,136**	**20,000,000**
Current liabilities	**18,264,188**	**82,958,662**	**233,945,768**	**20,479,389**	**11,207,497**	**5,357,737**	**20,226,447**
Noncurrent liabilities	**4,251,821**	**–**	**–**	**–**	**–**	**–**	**–**
Total equity (deficiency)	**520,709,471**	**(66,282,007)**	**(233,945,768)**	**(380,914)**	**(184,427)**	**150,364**	**2,586,053**
Revenue	**23,774,335**	**6,221,903**	**–**	**–**	**–**	**286,199**	**–**
Net income (loss)	**(6,953,561)**	**430,366**	**(67,430)**	**(60,800)**	**(67,429)**	**23,925**	**(106,257)**

2020	SREDC	WGVI	TWMRSI	ADHI	LSTI	YGPL	OBTRI
Current assets	₱ 381,587,730	₱ 6,094,576	₱ –	₱ 91,845	₱ 266,170	₱ 128,622	₱ –
Noncurrent assets	158,952,983	–	–	–	–	–	–
Current liabilities	18,018,719	72,806,950	233,878,338	411,959	383,168	–	–
Total equity (deficiency)	522,521,994	(66,712,374)	(233,878,338)	(320,114)	(116,998)	128,622	–
Revenue	2,758,807	6,713,476	–	–	–	–	–
Net income (loss)	(39,569,197)	50,104	(81,476)	(49,541)	(61,814)	125,086	–

11. **Property and Equipment** – net

The Parent Company's property and equipment consist of transportation equipment and furniture, fixtures and equipment with a cost of ₱2,293,176 and ₱161,243, respectively. In both years, the Parent Company's property and equipment are fully depreciated and are still in use.

12. **Trade and Other Payables**

This account consists of:

		2021		2020
Trade payables	₱	**33,483**	₱	87,767
Accrued expenses		**220,000**		185,000
Government payables		**25,876**		16,539
Advances from officers and employees		**561**		561
	₱	**279,920**	₱	289,867

Trade payables are unsecured and noninterest-bearing, which arise from purchases of materials, supplies and services in the ordinary course of business that are settled within 90 days. Trade payables amounting to nil and ₱116,332 in 2021 and 2020 were reversed, respectively.

Accrued expenses include accrual of professional fees.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Advances from officers and employees are noninterest-bearing and payable on demand which arises from advances to defray the expenses of the Parent Company.

13. Related Party Transactions

Nature of relationship of the Company and its related parties are disclosed below:

Related Parties	Nature of Relationship
Winsun Green Ventures,Inc.	Subsidiary
Agrinurture DevelopmentHoldings, Inc.	Subsidiary
Sunchamp Real EstateDevelopment Corp.	Subsidiary
Lite Speed Technologies,Inc.	Subsidiary
Total Waste ManagementRecovery System, Inc.	Subsidiary
Yakuru Group Pty. Limited	Subsidiary
Ocean Biochemistry Technology Research, Inc.	Subsidiary
The Big Chill, Inc.	Under common control
First Class Agriculture Corp.	Under common control
Agrinurture, Inc.	Under common control
Stockholders	Members of key management personnel

The Parent Company has the following related party transactions:

a. Extended (received) advances to (from) its related parties which are noninterest-bearing, unsecured and have no definite repayment dates. These are collectible in cash or can be offset against corresponding payables or liquidated upon completion of the projects of the Parent Company and its subsidiaries. As at December 31, 2021 and 2020, outstanding balances are as follows:

		2021				
Receivables:		**Gross**		**Allowance**		**Net**
Stockholders	**₱**	**243,955,018**	**₱**	**–**	**₱**	**243,955,018**
Subsidiaries		**312,794,325**		**(300,319,863)**		**12,474,462**
Under common control		**67,403,331**		**(66,403,331)**		**1,000,000**
	₱	**624,152,674**	**₱**	**(366,723,194)**	**₱**	**257,429,480**
Payables:						
Under common control	**₱**	**163,447,256**	**₱**	**–**	**₱**	**163,447,256**
Stockholders		**34,533,781**		**–**		**34,533,781**
	₱	**197,981,037**	**₱**	**–**	**₱**	**197,981,037**

		2020				
Receivables:		Gross		Allowance		Net
Stockholders	₱	311,517,502	₱	–	₱	311,517,502
Subsidiaries		309,607,784		(299,312,907)		10,294,877
Under common control		66,403,331		(66,403,331)		–
	₱	687,528,617	₱	(365,716,238)	₱	321,812,379
Payables:						
Under common control	₱	70,560,045	₱	–	₱	70,560,045
Stockholders		14,033,781		–		14,033,781
	₱	84,593,826	₱	–	₱	84,593,826

Allowance for impairment amounting to ₱366,723,194 and ₱365,716,238 as at December 31, 2021 and 2020, respectively, pertains to a portion of advances to subsidiaries and affiliates which management believes that are doubtful of collection.

The rollforward analysis of related party accounts follow:

		2021		2020
Due from:				
Balance at beginning of year	₱	**687,528,617**	₱	700,334,411
Collections		**(67,562,484)**		(12,873,354)
Advances made		**4,186,541**		67,560
		624,152,674		687,528,617
Allowance for impairment		**(366,723,194)**		(365,716,238)
Balance at end of year	₱	**257,429,480**	₱	₱321,812,379
Due to:				
Balance at beginning of year	₱	**84,593,826**	₱	₱79,976,837
Advances received		**113,387,211**		5,120,018
Payments made		**–**		(503,029)
Balance at end of year	₱	**197,981,037**	₱	₱84,593,826

Advances from related parties and advances to related parties are for working capital requirements which are noninterest-bearing, unsecured and have no fixed repayment terms.

Rollforward analysis of allowance for impairment are as follows:

		2021		2020
Balance at beginning of year	₱	**365,716,238**	₱	366,086,457
Impairment loss during the year (Note 15)		**1,006,956**		110,400
Reversal during the year		**–**		(480,619)
	₱	**366,723,194**	₱	365,716,238

b. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI) subject to the application to and approval of SEC of the increase in its authorized capital stock (the "Increase"), EHI subscribed to ₱250,000,000 worth of common shares at ₱1.00 per share and ₱37,500,000 worth of preferred shares at ₱0.01 per share of which ₱177,000,000 shall be paid in cash upon execution of the subscription agreement with the balance due upon approval by the SEC of the increase. On May 22, 2019, the Parent Company and EHI executed an Amended Subscription Agreement amending the Subscription Agreement dated July 2, 2014 to increase the subscription of EHI from ₱250,000,000 worth of common shares to ₱750,000,000 worth of common shares. The amended number of subscribed common shares represent 25% of the required subscription out of the proposed increase. This will be converted to equity once the approval from the SEC have been obtained.

   In 2019, the Parent Company received additional deposits amounting to ₱44,821,275. The outstanding deposits amounted to ₱221,821,275 as at December 31, 2020. On May September 17, 2021, application for increase of authorized capital stock from ₱2,000,000,000 divided into 1,900,000,000 common shares with par value of ₱1.00 per share and ₱1,000,000,000 preferred shares with a par value of ₱0.10 per share to ₱5,000,000,000 divided into 4,900,000,000 common shares with par value of ₱1.00 per share and ₱1,000,000,000 preferred shares with a par value of ₱0.10 per share was approved by the SEC, thereby, converting the deposit for future stock subscription amounting to ₱221,821,275 into capital stock (see Note 14).

Movements of deposit for future stock subscription – liability are as follows:

		2021		2020
Balance at beginning of year	**₱**	**–**	₱	221,821,275
Transfer to equity		**–**		(221,821,275)
	₱	**–**	₱	–

Movement of the deposit for stock subscription – equity is as follows:

		2021		2020
Beginning balance	**₱**	**221,821,275**	₱	–
Transfer from liability		**–**		221,821,275
Conversion to capital stock (Note 14)		**(221,821,275)**		–
	₱	**–**	₱	221,821,275

The summary of the above related party transactions follows:

	2021		2020			
Category	Amount	Balance – Asset (Liability)	Amount	Balance – Asset (Liability)	Terms and Conditions/ Settlement	Guaranty/ Provisions
Stockholders						
Receivable	**₱ –**	**₱ 243,955,018**	₱ –	₱ 311,517,502	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; no impairment
• Collections	**(67,562,484)**	**–**	(12,846,184)	–		
Payable	**–**	**(34,533,781)**	–	(14,033,781)	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants
• Payments made	**–**	**–**	550	–		
• Advances received	**20,500,000**	**–**	–	–		
Subsidiaries						
Receivables – net	**–**	**12,474,462**	–	10,294,877	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; with impairment
• Advances made	**3,186,541**	**–**	66,460	–		
• Collections	**–**	**–**	(26,470)	–		
• Impairment	**(1,006,956)**	**(300,319,863)**	–	(299,312,907)		
Under common control						
Payable	**–**	**(163,447,256)**	–	(70,560,045)	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants
• Payments made	**92,887,211**	**–**	502,479	–		
• Advances received	**–**	**–**	(5,120,018)	–		
Receivable	**–**	**1,000,000**	–	–	Noninterest-bearing; no definite repayment dates; payable in cash on demand	Unsecured; no significant warranties and covenants; with impairment
• Advances made	**1,000,000**	**–**	1,100	–		
• Collections	**–**	**–**	(700)	–		
• Impairment	**(66,403,331)**	**–**	(66,403,331)	–		

c. The key management personnel compensation paid by the Parent Company in 2021 and 2020 follows:

		2021		2020
Short term benefits				
Salaries and wages	₱	**3,373,805**	₱	2,008,809
13th month pay and other benefits		**217,644**		161,006
	₱	**3,591,449**	₱	2,169,815

d. The Parent Company does not have a formal retirement benefit plan. However, the Parent Company will provide retirement benefits in compliance with RA 7641.

e. There were no other significant transactions of related parties during the year.

14. Capital Stock

Components of capital stock of the Company are detailed as follows:

		2021		2020
Preferred shares	₱	**100,000,000**	₱	100,000,000
Ordinary shares		**1,939,099,849**		1,704,778,573
Additional paid-in capital		**283,715,531**		268,090,531
	₱	**2,322,815,380**	₱	2,072,869,104

Preferred Shares

The Parent Company's preferred shares consisting of One Billion shares with par value of ₱0.10 per share have the following rights, privileges, limitations and restrictions, which shall also appear on the Certificates of the Preferred Shares of the Parent Company:

1. The right to vote and be voted for;
2. The right to receive, out of the unrestricted retained earnings of the Parent Company, participating dividends at the rate as may be deemed proper by the BOD under the prevailing market conditions or such other relevant factors as the BOD may consider. Said dividends may be declared and payable at the discretion of the BOD after taking into account the Parent Company's earnings, cash flows, financial conditions and other factors as the BOD may consider relevant; and
3. In the liquidation, dissolution and winding up of the Parent Company, whether voluntary or otherwise the right to be paid in full or ratably, insofar as the assets of the Parent Company will permit, the par value or face of each preferred share as the BOD may determine upon their issuance, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of the common shares.

Common Shares

Shown below are the details of common shares:

	2021		2020	
	Shares	**Amount**	Shares	Amount
Authorized				
Balance, January 1, ₱100 par value	**1,900,000,000**	**₱ 1,900,000,000**	1,900,000,000	₱ 1,900,000,000
Increase	**3,000,000,000**	**3,000,000,000**	-	
	4,900,000,000	**4,900,000,000**	1,900,000,000	1,900,000,000
Subscribe and paid				
Common shares – ₱1 par value				
Balance, January 1	**1,800,778,573**	**1,800,778,573**	1,800,778,572	1,800,778,572
Issuance of shares	**578,178,726**	**578,178,726**	1	1
Conversion from deposit for future stock subscription	**221,821,275**	**221,821,275**	–	–
Balance at end of year	**2,600,778,574**	**2,600,778,574**	1,800,778,573	1,800,778,573
Subscriptions receivable				
Balance, January 1	**(96,000,000)**	**(96,000,000)**	(97,500,000)	(97,500,000)
Additions during the year	**(565,678,725)**	**(565,678,725)**	–	–
Collections during the year	**–**	**–**	1,500,000	1,500,000
Balance at end of year	**(661,678,725)**	**(661,678,725)**	(96,000,000)	(96,000,000)
Common stock net of subscription receivable	**1,939,099,849**	**₱ 1,939,099,849**	1,704,778,573	₱ 1,704,778,573

During the annual meeting of the stockholders of the Corporation held on December 11, 2012 the Board of Directors and Stockholders, it was resolved that the (i) the Articles of Incorporation and By-Laws of the Corporation shall be amended to increase its authorized capital stock from ₱2,000,000,000 up to an amount not exceeding ₱10,000,000,000. During the annual meeting of the stockholders of the Corporation held on December 20, 2017, the Board of Directors and Stockholders has confirmed to increase its authorized capital stock from ₱2,000,000,000 up to an amount not exceeding ₱10,000,000,000 as previously approved by the stockholders of the Corporation during the annual stockholders' meeting on December 11, 2012.

At the meeting of the Board of the Directors held on May 22, 2019 and at the annual meeting of the stockholders held on June 28, 2019, majority of the Board of Directors and stockholders approved the increase of the authorized capital stock from ₱2,000,000,000 divided into 1,900,000,000 common shares with par value of ₱1.00 per share and 1,000,000,000 preferred shares with a par value of ₱0.10 per share to ₱5,000,000,000 divided into 4,900,000,000 common shares with par value of ₱1.00 per share and ₱1,000,000,000 preferred shares with a par value of ₱0.10 per share. Application for the said increase to the SEC was made in 2020. On September 17, 2021, the said application was approved by the SEC.

On September 17, 2021, application for increase of authorized capital stock from ₱2,000,000,000 divided into 1,900,000,000 common shares with par value of ₱1.00 per share and 1,000,000,000 preferred shares with a par value of ₱0.10 per share to ₱5,000,000,000 divided into 4,900,000,000 common shares with par value of ₱1.00 per share and 1,000,000,000 preferred shares with a par value of ₱0.10 per share was approved by the SEC, thereby, converting the deposit for future stock subscription amounting to ₱221,821,275 into capital stock, as disclosed in Note 13.

Additional paid-in capital

As of December 31, 2021 and 2020, the Company's additional paid-in capital pertain to proceeds on issuance of the Company's common shares in excess of par value amounted to ₱291,715,531 and ₱268,090,531, respectively.

Movements of additional paid-in capital are detailed as follows:

		2021		2020
Balance, January 1	**₱**	**268,090,531**	₱	268,090,531
Additions		**23,625,000**		–
Cost of issuance		**(8,000,000)**		–
Balance December 31	**₱**	**283,715,531**	₱	268,090,531

In 2021, the Company issued 800,000,000 shares, resulting to an additional paid-in capital amounting to ₱23,625,000. The cost of issuance related to the said issuance pertains to documentary stamp tax amounting to ₱8,000,000 which is a deduction to the additional paid-in capital initially recognized as shown in the table above.

15. General and Administrative Expenses

This account consists of:

		2021		2020
Listing and stock transfer fees	**₱**	**6,311,010**	₱	517,494
Salaries and wages (Note 16)		**3,963,754**		2,874,060
Provisions for impairment loss (Notes 5, 10 and 13)		**1,023,452**		33,301,575
Professional fees		**427,165**		322,639
Penalties and fines		**364,418**		–
Telephone charges		**91,573**		41,786
Utilities		**71,715**		–
Association dues		**50,119**		–
Taxes and licenses		**10,437**		500
Office supplies		**4,984**		–
Representation and entertainment		**3,370**		–
Transportation and travel		**1,270**		755
Others		**291,021**		99,137
	₱	**12,614,288**	₱	37,157,946

Listing and stock transfer fees pertain to the expenses charged by the SEC for stock transfers.

Salaries and wages include medical expense, SSS, HDMF, and PhilHealth contributions.

Taxes and licenses pertain to the notarial and business permit.

Others include mail and postages, foreign exchange loss, web development, service charges, printing expenses, bank charges, and advertising.

16. Employee Benefits

Short-term employee benefits, as disclosed in Note 15, are detailed as follows:

		2021		2020
Salaries and wages	₱	**2,109,178**	₱	1,078,489
Other employee benefits		**1,854,576**		1,795,571
	₱	**3,963,754**	₱	2,874,060

17. Income Taxes

17.01 Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law

On March 26, 2021, the Republic Act (RA) 11534, known as "The Corporate Recovery and Tax Incentives for Enterprises Act" (CREATE Law), was passed into law. The salient provisions of the CREATE Law applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding ₱5,000,000 and with total assets not exceeding ₱100,000,000, excluding land on which the particular business entity's office, plant, and equipment are situated during the taxable year for which the tax is imposed at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020 to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020 to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

The Company's applicable regular tax rate for the year ended December 31, 2021 was 25% while Company's applicable regular tax rate for the year ended December 31, 2020 was 30%.

17.02 Income Tax Recognized in Profit or Loss

Current tax expense (benefit) consists of the following:

		2021		2020
Current tax expense	₱	**-**	₱	4,058
Impact of change in tax rate on current tax benefit		**(1,014)**		-
	₱	**(1,014)**	₱	4,058

The reconciliation of income tax expense (benefit) applicable to loss before income tax computed at the statutory income tax rate to income tax expense (benefit) as shown in the profit or loss follows:

		2021		2020
Loss before income tax	₱	**(12,610,419)**	₱	(36,473,700)
Multiplied by statutory tax rate		**25%**		30%
Income tax benefit computed at statutory tax rate		**(3,152,605)**		(10,942,110)
Income tax effects of:				
Nondeductible expenses		**255,863**		9,990,473
Penalties		**26,468**		–
Unallowable representation		**843**		–
Reversal of allowance for impairment		**–**		(144,186)
Interest income subject to final tax		**(196)**		(215)
Unrecognized deferred tax assets on:				
NOLCO		**2,870,399**		1,096,038
MCIT		**–**		4,058
Unrealized foreign exchange gain		**(772)**		–
Impact of change in tax rate on current tax expense		**(1,014)**		–
Income tax (benefit) expense	₱	**(1,014)**	₱	4,058

Net Operating Loss Carry-Over (NOLCO)

NOLCO incurred prior to taxable year 2020
NOLCO incurred prior to taxable year 2020 can be claimed as deduction against regular taxable income within the next three (3) consecutive taxable years immediately following the year of such loss.

The Parent Company incurred the following NOLCO:

Year incurred		NOLCO		Applied		Expired		Unexpired	Expiration
2018	₱	4,913,136	₱	–	₱	4,913,136	₱	–	2021

NOLCO incurred in taxable year 2020-2021
Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under Revenue Regulations (RR) No. 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as deduction from grossincome for the next five (5) consecutive taxable years immediately following the year of such loss.

Year incurred		NOLCO		Applied		Expired		Unexpired	Expiration
2021	₱	11,481,595	₱	–	₱	–	₱	11,481,595	2026
2020		3,653,460		–		–		3,653,460	2025
	₱	**15,135,055**	**₱**	**–**	**₱**	**–**	**₱**	**15,135,055**	

The Parent Company did not recognize the future income tax benefit of NOLCO because it is not likely to be utilized prior to its expiration.

The carryforward incurred MCIT which can be claimed as deduction against future regular corporate tax due is as follows:

Year incurred	Year of expiration		Applied		Expired		Balance
2020	2023	₱	–	₱	–	₱	3,044
2019	2022		–		–		163,131
2018	2021		–		61		–
		₱	**–**	**₱**	**61**	**₱**	**166,175**

Deferred tax benefit of MCIT is not recognized in the Parent Company financial statements as Management believe that future taxable profits may not be available against which these income tax benefits can be utilized prior to its expiration.

The Parent Company opted for the itemized deduction scheme for its income tax reporting in 2021 and 2020.

Deferred Tax Asset

Management believes that the Parent Company will not generate taxable profit to allow its deferred tax asset to be utilized prior to its expiration. As of December 31, 2021 and 2020, the Parent Company's unrecognized deferred tax asset amounted to ₱3,783,764 and ₱2,569,979, respectively

18. Fair Value Measurement

The following tables set forth the carrying values and estimated fair values of the Parent Company's financial asset and liabilities recognized as at December 31, 2021 and 2020:

		2021			
	Note	Carrying value	Fair value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets at amortized cost					
Cash	6	**₱ 1,208,242**	**₱ 1,208,242**	**₱ –**	**₱ 1,208,242**
Nontrade receivables	7	**250,118,737**	**250,118,737**	**–**	**250,118,737**
Due from related parties - net	13	**257,429,480**	**257,429,480**	**–**	**257,429,480**
Financial asset at FVOCI	8	**1,074,337,359**	**1,074,337,359**	**1,074,337,359**	**–**
		₱ 1,583,093,818	**₱ 1,583,093,818**	**₱ 1,074,337,359**	**₱ 508,756,459**
Financial liabilities at amortized cost					
Trade and other payables	12	**₱ 254,044**	**₱ 254,044**	**₱ –**	**₱ 254,044**
Due to related parties	13	**197,981,037**	**197,981,037**	**–**	**197,981,037**
		₱ 198,235,081	**₱ 198,235,081**	**₱ –**	**₱ 198,235,081**

		2020			
	Note	Carrying value	Fair value	Quoted price in active markets (Level 1)	Significant observable inputs (Level 2)
Financial assets at amortized cost					
Cash	6	₱ 1,806,955	₱ 1,806,955	₱ –	₱ 1,806,955
Nontrade receivables	7	250,118,737	250,118,737	–	250,118,737
Due from related parties - net	13	321,812,379	321,812,379	–	321,812,379
Financial asset at FVOCI	8	1,458,373,432	1,458,373,432	1,458,373,432	–
		₱ 2,032,111,503	₱ 2,032,111,503	₱ 1,458,373,432	₱ 573,738,071
Financial liabilities at amortized cost					
Trade and other payables	12	₱ 273,328	₱ 273,328	₱ –	₱ 273,328
Due to related parties	13	84,593,826	84,593,826	–	84,593,826
		₱ 84,867,154	₱ 84,867,154	₱ –	₱ 84,867,154

Methods and Assumption Used to Estimate Fair Value

The carrying values of the financial assets, except financial asset at FVOCI, and financial liabilities approximate their fair values due to their relatively short-term maturities or short-term nature of transactions. Financial assets at FVOCI pertaining to investment in a listed company included in level 1 is valued based at published prices. The fair value of financial assets and financial liabilities included in level 2 which are not traded in active market are determined based on the expected cash flows of the underlying asset and liability based on the investment where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

There are no transfers to and from level 1 and 2 categories during 2021 and 2020.

19. Financial Risk Management Objectives and Policies

The Parent Company is exposed to a variety of financial risks, which resulted from its investing and financing activities. The Parent Company's principal financial instruments comprise of cash in banks, nontrade receivables, trade and other payables and due to and from related parties. The main purpose of investing this financial instrument (assets) is to maximize interest yield and for capital appreciation.

The Parent Company's policies and guidelines cover credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Parent Company's results and financial position. The Parent Company actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- *Credit Risk*

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Parent Company is exposed to credit risk primarily from cash in banks, receivables, due from related parties and financial asset at FVOCI.

With respect to credit risk arising from the Parent Company's financial assets, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit risk exposure
The table below shows the gross maximum exposure to credit risk of the Parent Company as at December 31, 2021 and 2020, without considering the effects of credit risk mitigation techniques.

		2021		2020
Cash in banks (Note 6)	**₱**	**208,242**	₱	306,955
Nontrade receivables (Note 7)		**250,118,737**		250,118,737
Due from related parties (Note 13)		**257,429,480**		321,812,379
	₱	**507,756,459**	₱	572,238,071

Credit quality per class of financial asset
Below is the credit quality per class of the Parent Company's financial assets as at December 31, 2021 and 2020:

	2021				
	Neither past due nor impaired		**Past due but**		
	High grade	**Standard grade**	**not impaired**	**Impaired**	**Total**
Cash in banks	**₱ 203,010**	**₱ 5,232**	**₱ –**	**₱ –**	**₱ 208,242**
Nontrade receivables	**–**	**–**	**250,118,737**	**–**	**250,118,737**
Due from related parties – net	**–**	**257,429,480**	**–**	**366,723,194**	**624,152,674**
	₱ 203,010	**₱ 257,434,712**	**₱ 250,118,737**	**₱ 366,723,194**	**₱ 874,479,653**

	2020				
	Neither past due nor impaired		Past due but		
	High grade	Standard grade	not impaired	Impaired	Total
Cash in banks	₱ 279,212	₱ 27,743	₱ –	₱ –	₱ 306,955
Nontrade receivables	–	–	250,118,737	–	250,118,737
Due from related parties – net	–	321,812,379	–	365,716,238	687,528,617
	₱ 279,212	₱ 321,840,122	₱ 250,118,737	₱ 365,716,238	₱ 937,954,309

The credit quality of cash and financial assets at FVOCI quoted securities are based on the nature and performance of the counterparty. High grade cash in banks are placed, invested, or deposited in local banks belonging to the top ten (10) banks in the Philippines in terms of resources and profitability. Investment in shares of stocks under high grade classification are assigned to financial assets invested to well-establish and financially sound company.

High grade receivables are those with no default in payment. Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Parent Company's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Parent Company's financial strength and undermine public confidence. The Parent Company is not exposed to large concentration of credit risks.

Impairment assessment
The Parent Company applies general approach for determining the ECLs of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets is based on the assumptions about risk of default and expected loss rates. The management has assessed that due from related parties amounting to ₱365.7 million in 2021 and 2020 are uncollectible.

- *Liquidity Risk*

Ultimate responsibility for liquidity risk management rests with the Management, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below summarizes the maturity profile of financial assets and liabilities as at December 31, 2021 and 2020 based on contractual undiscounted payments:

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted Average Effective Interest Rate	On Demand	Within one (1) Year	Total
December 31, 2021				
Trade and other payables:				
Trade	**–**	**₱ –**	**₱ 33,483**	**₱ 33,483**
Accrued expenses	**–**	**–**	**220,000**	**220,000**
Advances from officers and employees	**–**	**–**	**561**	**561**
Due to related parties	**–**	**197,981,037**	**–**	**197,981,037**
		₱ 197,981,037	**₱ 254,044**	**₱ 198,235,081**
December 31, 2020				
Trade and other payables:				
Trade	–	₱ –	₱ 87,767	₱ 87,767
Accrued expenses	–	–	185,000	185,000
Advances from officers and employees	–	–	561	561
Due to related parties	–	84,593,826	–	84,593,826
		₱ 84,593,826	₱ 273,328	₱ 84,867,154

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On Demand	Within one (1) Year	Total
December 31, 2021				
Cash on hand	–	**₱ 1,000,000**	₱ **–**	**₱ 1,000,000**
Cash in banks	**Less than 1%**	**208,242**	**–**	**208,242**
Nontrade receivables	–	**250,118,737**	**–**	**250,118,737**
Due from related parties - net	–	**257,429,480**	**–**	**257,429,480**
		₱ 508,756,459	**₱ –**	**₱ 508,756,459**
December 31, 2020				
Cash on hand	–	₱ 1,500,000	₱ –	₱ 1,500,000
Cash in banks	Less than 1%	306,955	–	306,955
Nontrade receivables	–	250,118,737	–	250,118,737
Due from related parties - net	–	321,812,379	–	321,812,379
		₱ 573,738,071	₱ –	₱ 573,738,071

- *Interest Rate Risk*

The Parent Company is exposed to interest rate fluctuations on their cash in banks. Otherfinancial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest–bearing.

Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2021 and 2020 are less than 1%.

- *Equity Price Risk*

The Parent Company's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levels of equity indices and the value of stocks traded in the stock market. Equity securities are held for strategic rather than trading purposes. The Parent Company, does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

				Net Effect to OCI	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
2021					
Financial asset at FVOCI	**8.02%**	**429,037,104**	**(429,037,104)**	**(429,037,104)**	**429,037,104**
2020					
Financial asset at FVOCI	**12.09%**	**1,410,885,512**	**(1,410,885,512)**	**(1,410,885,512)**	**1,410,885,512**

At December 31, 2021 and 2020, if the quoted stock price for the securities using PSE index had increased by 8.02% and 12.09%, respectively, the Parent Company's total equity would have been higher by about ₱429,037,104 and ₱1,410,885,512 , respectively. On the other hand, if the quoted market price for these securities had decreased by the same percentage, with all other variables held constant, total equity for the period would have been lower by the same amount. The analysis is based on the assumption that the quoted prices had changed by 8.02% and 12.09% in 2021 and 2020, respectively, with all other variables held constant.

The Parent Company's sensitivity to equity prices has not changed significantly from the prior year.

- *Foreign Currency risk*

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company mitigates its exposure to foreign currency risk by monitoring its US Dollar cash flows.

The carrying amounts of the Company's foreign currency denominated monetary asset at the end of the reporting years are as follows:

	2021		2020	
	In USD	**In Php**	In USD	In Php
Cash in bank	**$ 1,078**	**₱ 54,780**	$ 1,076	₱ 51,693

The Company is mainly exposed to the US Dollar. The exchange rates used were ₱50.774 and ₱48.036 in 2021 and 2020, respectively.

The following table details the Company's sensitivity for 2021 and 2020 to 0.99% and 0.60%, respectively, increase and decrease in its functional currency against the relevant foreign currencies. The sensitivity rates of 0.99% and 0.60% are used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 0.99% and 0.60% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and other equity where the Philippine Peso strengthens 0.99% and 0.60% against the relevant currency. For a 0.99% and 0.60% weakening of the Philippine Peso against the relevant currency, there would be a comparable impact on the profit, and the balances below would be negative.

		Monetary Asset		**Net Effect to Profit**	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**	**Increase in assumption**	**Decrease in assumption**
2021					
US dollar	**0.99%**	**27,495**	**(27,495)**	**(27,495)**	**27,495**
2020					
US dollar	0.60%	14,841	(14,841)	(14,841)	14,841

The Company's sensitivity to foreign currency has decreased during the current year mainly due to increase in US dollar foreign exchange rate at the end of the year.

In Management's opinion, the sensitivity analysis is representative of the inherent foreign exchange risk exposure during the year. The Company mitigates its exposure to foreign currency risk by monitoring its US Dollar cash flows.

20. Capital Management

The primary objective of the Parent Company's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Parent Company considers the following accounts as its capital:

	2021	2020
Capital stock	**₱ 2,039,099,849**	₱ 1,804,778,573
Additional paid-in capital	**283,715,531**	268,090,531
Retained earnings	**1,614,401,948**	1,627,011,353
Due to related parties	**197,981,037**	84,593,826
	₱ 4,135,198,365	₱ 3,784,474,283

The Parent Company manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2021 and 2020 follow:

	2021	2020
Total debt	**₱ 198,260,957**	₱ 84,887,751
Total equity	**1,722,386,730**	2,281,031,621
Debt-to-equity ratio	**₱ 0.12:1.00**	₱ 0.04:1.00

The stockholders of the Parent Company approved the amendment of the Parent Company's Articles of Incorporation and By-Laws to effect the increase of authorized capital stock from ₱2 billion up to an amount not exceeding ₱10 billion and delegated the determination thereof to the BOD during the Annual Stockholders' Meeting held on December 11, 2012, and confirmed such authority at the Annual Stockholders' Meeting held on December 20, 2017. Application for the said increase to the SEC was made in 2020. Approval of increase is still pending with the SEC as at December 31, 2020. On October 8, 2021, the Parent Company received the Certificate of Increase of Capital Stock from the SEC dated September 17, 2021 approving the increase.

The Parent Company had not been subjected to externally imposed capital requirements in 2021 and 2020. No changes were made in the objectives, policies, and processes during the years ended December 31, 2021 and 2020.

21. Reconciliation of Liabilities from Financing Activities

Reconciliation of liabilities arising from financing activities is as follows:

		2021		2020
January 1	**₱**	**84,593,826**	₱	301,798,112
Changes from financing cash flows				
Advances received from related parties		**113,387,211**		5,120,018
Payments to related parties		**–**		(503,029)
		197,981,037		306,415,101
Transfer to equity		**–**		(221,821,275)
December 31	**₱**	**197,981,037**	₱	84,593,826

22. Non-Cash Transaction

The Company entered into the following non-cash investing and financing activities which are not reflected in the statements of cash flows:

- In 2021, deposit for future stock subscription from a related party was converted to common shares amounting to ₱221,821,275, as disclosed in Notes 13 and 14.
- In 2020, deposit for future stock subscription from a related party was transferred to equity amounting to ₱221,821,275, as disclosed in Note 13.

23. Reclassification of Comparative Amounts

Certain amount in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassification includes:

Prior Year Classification	**Current Year Classification**		**Amounts**
Current Liability	**Equity**		
Deposit for future stock subscription	Deposit for future stock subscription	**₱**	**221,821,275**

Reclassification of deposit for future stock subscription from liability to equity was due to the Parent Company submitting the application and necessary requirements to the SEC for the increase and issuance of capital stock in year 2020. Management believes that the reclassification resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss and cash flows.

24. Other Matters

On December 15, 2015, the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, EHI and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

On January 22, 2016, the Parent Company and SREDC filed a Motion for Reconsideration of the Order, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and sub judice bar the Parent Company from publicly going into the details of the on-going proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures) lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

In an Order dated July 9, 2018 (Order), the RTC categorically ruled that "the funds in the subject accounts of respondent Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and the said bank accounts were "ordered Discharged from the effects of the APO dated December 31, 2015. With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated July 9, 2018) dated August 3, 2018 ("Motion"), while the Parent Company and SREDC filed their *Comment/Opposition* (to the Motion for Reconsideration) dated December 11, 2018 on even date.

On July 1, 2019, the RTC Manila issued the *Order* of even date, denying the Petitioner's *Motion for Reconsideration* dated August 3, 2019 for lack of merit. In this connection, the Petitioner'has 60 days from its receipt of the said *Order* within which to assail the same through a petition for *certiorari* with the Court of Appeals. As of date however, the Parent Company has not yet received any notice that the Petitioner filed such a petition for *certiorari.*

Considering the lapse of the reglementary period to file a petition for *certiorari*, the Parent Company has been advised that both the *Orders* dated July 9, 2018 and July 1, 2019 are final and executory.

As a consequence of the *Order*, the above-mentioned bank account of the Parent Company remains to be discharged from the effects of the APO.

25. Supplemental Information Required by Bureau of Internal Revenue (BIR)

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

a. Input VAT declared during the year 2021 follows:

Balance at beginning of year	₱	–
Current year's domestic purchase of goods		121,308
		121,308
Adjustments		(121,308)
Balance at end of year	₱	–

b. The Parent Company's taxes and licenses during the year 2021 follows:

Documentary stamp tax	₱	8,000,000
Notarial		700
Registration fees		500
Others		9,237
	₱	**8,010,437**

c. The amount of withholding taxes on compensation accrued and paid amounted to ₱51,342 in 2021.

d. There were no accruals or payments for the following taxes in 2021:

- Custom duties and tariff fees
- Excise tax
- Output vat
- Capital gains tax

e. The Parent Company is not involved in any tax cases under preliminary investigation, litigation and prosecution in courts or outside the BIR for the year ended December 31, 2021.

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
GREENERGY HOLDINGS INCORPORATED
No. 54 National Road
Dampol II-A, Pulilan
Bulacan

We have audited the Parent Company financial statements of **GREENERGY HOLDINGS INCORPORATED** for the year ended December 31, 2021, on which we have rendered the attached report dated May 10, 2022.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
IC Accreditation No. F-2019-004-R
Valid until October 1, 2022

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 1781-A
Valid until September 23, 2022
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 271-226-260
PTR No. 8855244
Issued on January 5, 2022 at Makati City

May 10, 2022
Makati City, Metro Manila

REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
GREENERGY HOLDINGS INCORPORATED
No. 54 National Road
Dampol II-A, Pulilan
Bulacan

We have issued our report dated May 10, 2022 on the basic financial statements of **GREENERGY HOLDINGS INCORPORATED** as of and for the year ended December 31, 2021. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **GREENERGY HOLDINGS INCORPORATED** taken as a whole. The information in Index to the Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2021, which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **GREENERGY HOLDINGS INCORPORATED** The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Accreditation No. 0300-BSP
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GREENERGY HOLDINGS INCORPORATED
INDEX TO THE SEPARATE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2021

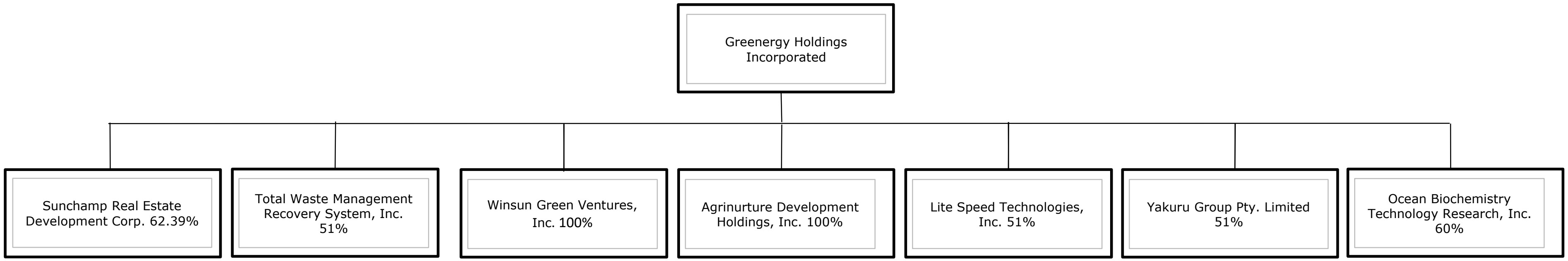
Schedule I

GREENERGY HOLDINGS INCORPORATED
SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated Retained Earnings, Beginning	**₱**	**1,627,011,353**
Net loss based on the face of audited financial statements		(12,609,405)
Unappropriated Retained Earnings, Ending	**₱**	**1,614,401,948**

Schedule II

GREENERGY HOLDINGS INCORPORATED
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT, SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE
DECEMBER 31, 2021



GREENERGY HOLDINGS INCORPORATED
Schedule A – Financial Assets
DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Agrinurture, Inc.	1,074,337,359	1,074,337,359	

GREENERGY HOLDINGS INCORPORATED
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2021

Receivables	
Subsidiaries	12,474,462
Stockholders	243,955,018
Under common control	1,000,000
	257,429,480

GREENERGY HOLDINGS INCORPORATED
Schedule C - Receivable from Related Parties which are eliminated during the consolidation of financial statements
DECEMBER 31, 2021

Name and Designationof debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Allowance for impairment	Current	Non Current	Balance at the end of the period
Subsidiaries							
GHI	309,607,784	3,186,541	-	(300,319,863)	12,474,462	-	12,474,462

GREENERGY HOLDINGS INCORPORATED
Schedule D - Long-Term Debt
DECEMBER 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rate %	Maturity Date

None to Report

GREENERGY HOLDINGS INCORPORATED
Schedule E - Indebtedness to Related Parties
(Included in the consolidated financial statement of position)
DECEMBER 31, 2021

Payables	
Stockholders	34,533,781
Under common control	163,447,256
	197,981,037

GREENERGY HOLDINGS INCORPORATED
Schedule F- Guarantees of Securities of Other Issuers
DECEMBER 31, 2021

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee

None to Report

GREENERGY HOLDINGS INCORPORATED
Schedule G - Capital Stock
DECEMBER 31, 2021

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares - P.10 par value	1,000,000,000	1,000,000,000		1,000,000,000		
Common stock - 1 par value	4,900,000,000	1,939,099,849		234,321,275	207,778,560	1,497,000,014

GREENERGY HOLDINGS INCORPORATED
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2021 and 2020

		2021	2020
A.	**SHORT-TERM LIQUIDITY RATIO**		
	CURRENT RATIO	2.57	6.76
	Current Assets	508,758,669	573,744,281
	Current Liabilities	198,260,957	84,887,751
	WORKING CAPITAL TO ASSETS	0.16	0.21
	(Current Assets - Current Liabilities)	310,497,712	488,856,530
	Total Assets	1,920,647,687	2,365,919,372
B.	**LONG-TERM SOLVENCY**		
	ASSET TO EQUITY	1.12	1.04
	Total Asset	1,920,647,687	2,365,919,372
	Shareholders' Equity	1,722,386,730	2,281,031,621
	DEBT TO EQUITY	0.12	0.04
	Total Liabilities	198,260,957	84,887,751
	Shareholders' Equity	1,722,386,730	2,281,031,621
	LONG-TERM DEBT TO EQUITY	NA	NA
	FIXED ASSETS TO EQUITY	NA	NA
	CREDITORS EQUITY TO TOTAL ASSETS	0.10	0.04
	Total Liabilities	198,260,957	84,887,751
	Total Assets	1,920,647,687	2,365,919,372
	FIXED ASSETS TO LONG-TERM DEBT	NA	NA

C.	**RETURN ON INVESTMENTS**		
	RATE OF RETURN ON TOTAL ASSETS	(0.01)	(0.36)
	Net Loss	(12,609,405)	(1,039,109,492)
	Average Total Assets	2,143,283,530	2,889,394,169
	RATE OF RETURN ON EQUITY	(0.01)	(0.39)
	Net Loss	(12,609,405)	(1,039,109,492)
	Average Stockholders' Equity	2,001,709,176	2,688,925,729
D.	**PROFITABILITY RATIOS**		
	GROSS PROFIT RATIO	NA	NA
	OPERATING INCOME TO REVENUES	NA	NA
	PRETAX INCOME TO REVENUES	NA	NA
	NET INCOME TO REVENUE	NA	NA
E.	**INTEREST COVERAGE RATIO**		
	INTEREST COVERAGE RATIO	NA	NA