

# COVER SHEET

for  
**AUDITED FINANCIAL STATEMENTS**

SEC Registration Number

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**COMPANY NAME**

C	E	N	T	U	R	Y		P	R	O	P	E	R	T	I	E	S		G	R	O	U	P		I	N	C	.	

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

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i	n	g	,		S	e	n	.		G	i	l		P	u	y	a	t		c	o	r	n	e	r		M	a	k
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Form Type

A	A	P	F	S
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Department requiring the report

S	E	C
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Secondary License Type, If Applicable

N	/	A
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**COMPANY INFORMATION**

Company's Email Address

cpgi@centuryproperties.  
com

Company's Telephone Number

(02)7793-5541

Mobile Number

0995 573 4010

No. of Stockholders

499

Annual Meeting (Month / Day)

8/27

Fiscal Year (Month / Day)

12/31

**CONTACT PERSON INFORMATION**

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

Name of Contact Person

**Isabelita C. Sales**

Email Address

cpgi@centuryproperties.  
com

Telephone Number/s

N/A

Mobile Number

0995 573 4010

**CONTACT PERSON'S ADDRESS**

**21st Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City**

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

**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.



**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR THE  
FINANCIAL STATEMENTS**

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

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

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

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

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

**JOSE E.B. ANTONIO**  
Chairman of the Board

**JOSE MARCO R. ANTONIO**  
President and CEO

**PONCIANO S. CARREON, JR.**  
Chief Finance Officer

**JOHN PAUL C. FLORES**  
VP Comptroller

Signed this 30<sup>th</sup> day of April 2021



**CENTURY**  
PROPERTIES GROUP, INC.

**SUBSCRIBED AND SWORN** to before me this 07 MAY 2021 affiants exhibiting to me their Identification Numbers, as follows:

Jose E.B. Antonio  
Jose Marco R. Antonio  
Ponciano S. Carreon Jr.  
John Paul C. Flores

Passport No. P3568592A  
Passport No. P2695556B  
Passport No. P0133005A  
SSS No. 04-1546667-9

Doc. No. 327:  
Page No. 79:  
Book No. XI:  
Series of 2021

**DARLENE ALVINA P. TALA**

Appointment No: M-94

Notary Public for Makati City

Until December 31, 2021

19th Floor, Pacific Star Building, Sen Gil Puyat Avenue,  
corner Makati Avenue, Makati City

MCLE Compliance No. VI-0017630 / 02-11-2019

PTR No. 8127818 / 01-09-2020 / Makati City

IBP No. 105641 / 01-09-2020 / RSM

## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Century Properties Group Inc.  
21st Floor, Pacific Star Building  
Sen. Gil Puyat corner Makati Avenue  
Makati City

### Report on the Audit of the Parent Company Financial Statements

#### Opinion

We have audited the parent company financial statements of Century Properties Group, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2020 and 2019, and parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

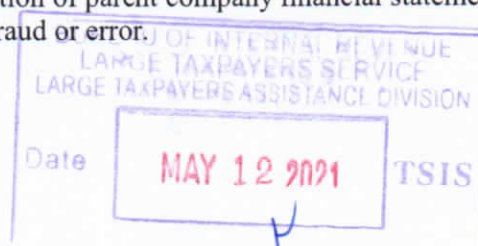
In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the 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 other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 has no realistic alternative but 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 of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 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 the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 our auditor's report. However, 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.

Date

MAY 12 2021

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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.

**Report on the Supplementary Information Required Under Revenue Regulations 15-2010**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 21 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of the Parent Company. 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.

The engagement partner on the audit resulting in this auditor's report is John T. Villa.

SYCIP GORRES VELAYO & CO.



John T. Villa

Partner

CPA Certificate No. 94065

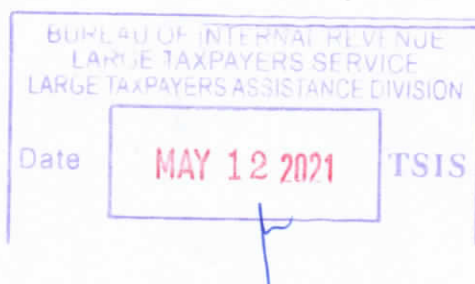
SEC Accreditation No. 1729-A (Group A),  
December 18, 2018, valid until December 17, 2021

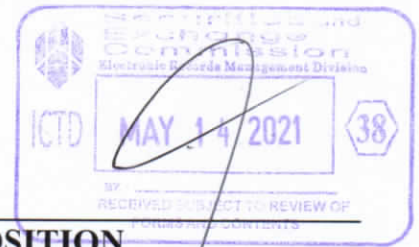
Tax Identification No. 901-617-005

BIR Accreditation No. 08-001998-076-2020,  
December 3, 2020, valid until December 2, 2023

PTR No. 8534381, January 4, 2021, Makati City

April 30, 2021





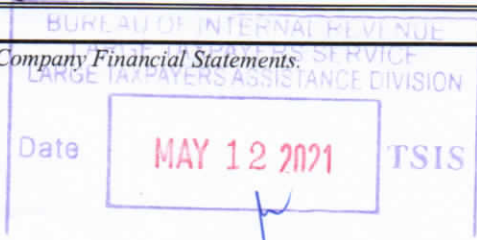
**CENTURY PROPERTIES GROUP INC.**  
**(A Subsidiary of Century Properties Inc.)**

**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

December 31

	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱1,165,317,374	₱1,070,130,065
Short-term investments (Note 5)	266,983,739	-
Receivables (Note 6)	693,664,060	2,419,942,726
Due from related parties (Note 15)	8,968,309,858	6,181,414,492
Investment in bonds (Note 7)	463,750,000	-
<b>Total Current Assets</b>	<b>11,558,025,031</b>	<b>9,671,487,283</b>
<b>Noncurrent Assets</b>		
Investments in bonds (Note 7)	-	463,750,000
Investments in subsidiaries (Note 9)	7,898,007,725	5,994,171,017
Investment in and advances to a joint venture	3,055,000	3,055,000
Other noncurrent assets (Note 8)	36,350,382	77,864,003
<b>Total Noncurrent Assets</b>	<b>7,937,413,107</b>	<b>6,538,840,020</b>
<b>TOTAL ASSETS</b>	<b>₱19,495,438,138</b>	<b>₱16,210,327,303</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 10)	₱315,059,877	₱100,378,160
Short-term debt (Note 11)	315,300,000	890,000,000
Current portion of long-term debt (Note 11)	132,000,507	-
Current portion of bonds payable (Note 12)	118,781,010	1,392,653,130
Due to related parties (Note 15)	270,668,883	152,001,648
<b>Total Current Liabilities</b>	<b>1,151,810,277</b>	<b>2,535,032,938</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portion of long-term debt (Note 11)	2,186,579,521	-
Noncurrent portion of bonds payable (Note 12)	2,965,985,277	3,060,379,036
Deferred tax liability (Note 16)	23,729,105	17,882,350
Deposit for future stock subscription (Note 17)	-	42,480,000
<b>Total Noncurrent Liabilities</b>	<b>5,176,293,903</b>	<b>3,120,741,386</b>
<b>Total Liabilities</b>	<b>6,328,104,180</b>	<b>5,655,774,324</b>
<b>Equity (Note 17)</b>		
Common stock - ₱0.53 par value		
Authorized - 18,000,000,000 shares		
Issued and subscribed shares - 11,699,723,690 shares	6,200,853,553	6,200,853,553
Preferred stock - ₱0.53 par value		
Authorized - 3,000,000,000 shares		
Issued - 30,000,000 shares	15,900,000	-
Additional paid-in capital	5,524,776,889	2,639,742,141
Treasury shares - 100,123,000 shares	(109,674,749)	(109,674,749)
Retained earnings	1,535,478,265	1,823,632,034
<b>Total Equity</b>	<b>13,167,333,958</b>	<b>10,554,552,979</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱19,495,438,138</b>	<b>₱16,210,327,303</b>

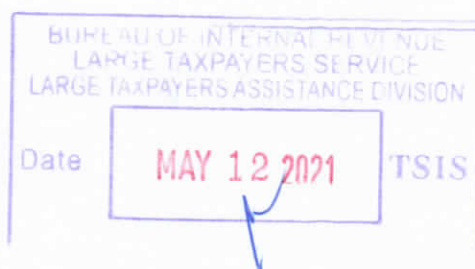
See accompanying Notes to Parent Company Financial Statements.



**CENTURY PROPERTIES GROUP INC.****(A Subsidiary of Century Properties Inc.)****PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended December 31	
	2020	2019
<b>INCOME</b>		
Dividend income (Notes 6 and 9)	<b>₱539,095,885</b>	₱850,000,000
Interest income (Notes 4, 5, 7 and 15)	<b>116,058,039</b>	188,755,076
Other income	—	509,740
	<b>655,153,924</b>	1,039,264,816
<b>EXPENSES</b>		
Loss on write-off of receivables and CWT (Notes 6 and 8)	<b>10,000,000</b>	2,632,217
Professional fees	<b>7,110,297</b>	12,967,463
Taxes and licenses	<b>5,124,278</b>	1,881,704
Depreciation and amortization (Note 8)	<b>3,165,717</b>	4,394,093
Supplies	<b>2,920,241</b>	18,974
Marketing and promotions	<b>1,427,019</b>	—
Entertainment, amusement and recreation	—	270,148
Miscellaneous (Note 13)	<b>884,537</b>	8,332,986
	<b>30,632,089</b>	30,497,585
<b>OTHER EXPENSES</b>		
Foreign exchange loss	<b>(1,488)</b>	(843)
Interest and other financing charges (Notes 11, 12, and 14)	<b>(388,778,923)</b>	(337,403,387)
	<b>(388,780,411)</b>	(337,404,230)
<b>INCOME BEFORE INCOME TAX</b>	<b>235,741,424</b>	671,363,001
<b>PROVISION FOR INCOME TAX</b> (Note 16)	<b>23,368,923</b>	48,102,953
<b>NET INCOME</b>	<b>212,372,501</b>	623,260,048
<b>OTHER COMPREHENSIVE INCOME</b>	—	—
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱212,372,501</b>	₱623,260,048

See accompanying Notes to Parent Company Financial Statements.





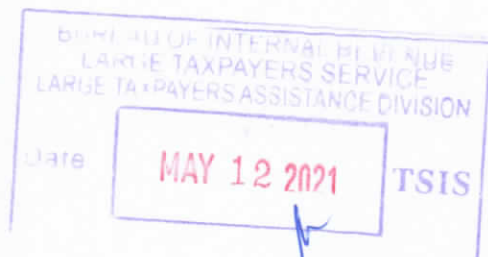
**CENTURY PROPERTIES GROUP INC.**

(A Subsidiary of Century Properties Inc.)

**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	Capital stock (Note 17)		Additional paid-in capital	Treasury shares (Note 17)	Retained earnings (Note 17)	Total
	Common stock	Preferred stock				
Balances at January 1, 2019	₱6,200,853,553	₱—	₱2,639,742,141	(₱109,674,749)	₱1,338,291,238	₱10,069,212,183
Total comprehensive income	—	—	—	—	623,260,048	623,260,048
Cash dividends declared (Note 17)	—	—	—	—	(137,919,252)	(137,919,252)
<b>Balances at December 31, 2019</b>	<b>6,200,853,553</b>	<b>—</b>	<b>2,639,742,141</b>	<b>(109,674,749)</b>	<b>1,823,632,034</b>	<b>10,554,552,979</b>
Total comprehensive income	—	—	—	—	212,372,501	212,372,501
Issuance of preferred shares	—	15,900,000	2,885,034,748	—	—	2,900,934,748
Cash dividends declared (Note 17)	—	—	—	—	(500,526,270)	(500,526,270)
<b>Balances at December 31, 2020</b>	<b>₱6,200,853,553</b>	<b>₱15,900,000</b>	<b>₱5,524,776,889</b>	<b>(₱109,674,749)</b>	<b>₱1,535,478,265</b>	<b>₱13,167,333,958</b>

See accompanying Notes to Parent Company Financial Statements.



**CENTURY PROPERTIES GROUP INC.****(A Subsidiary of Century Properties, Inc.)****PARENT COMPANY STATEMENTS OF CASH FLOWS**

	<b>Years Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱235,741,424</b>	<b>₱671,363,001</b>
Adjustments for:		
Interest expense (Notes 11, 12 and 14)	<b>388,778,923</b>	<b>324,249,426</b>
Loss on write-off of receivables and CWT (Notes 6 and 8)	<b>10,000,000</b>	<b>2,632,217</b>
Depreciation and amortization (Note 8)	<b>3,165,717</b>	<b>4,394,093</b>
Dividend income (Notes 6 and 9)	<b>(539,095,885)</b>	<b>(850,000,000)</b>
Interest income (Notes 4, 5, 7 and 15)	<b>(116,058,039)</b>	<b>(188,755,076)</b>
Operating losses before changes in working capital	<b>(17,467,860)</b>	<b>(36,116,339)</b>
Decrease (increase) in:		
Receivables	<b>(9,961,606)</b>	<b>(214,305)</b>
Others	<b>-</b>	<b>557,594</b>
Increase in trade and other payables	<b>8,540,606</b>	<b>1,510,940</b>
Net cash provided by operations	<b>(18,888,860)</b>	<b>(34,262,110)</b>
Dividends received (Note 6 and 9)	<b>893,095,885</b>	<b>901,000,000</b>
Interest received (Notes 4, 5, 6 and 7)	<b>98,397,374</b>	<b>167,369,909</b>
Interest and other financing charges paid	<b>(405,473,342)</b>	<b>(327,327,425)</b>
Income tax paid	<b>(17,522,168)</b>	<b>(19,117,364)</b>
Net cash provided by operating activities	<b>549,608,889</b>	<b>687,663,010</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advances to related parties (Note 15)	<b>(1,796,994,429)</b>	<b>(1,619,232,399)</b>
Proceeds from:		
Collection of notes receivable (Notes 6 and 15)	<b>400,000,000</b>	<b>100,000,000</b>
Refund of rental deposits	<b>-</b>	<b>31,870</b>
Payments for:		
Additions to investment in subsidiaries (Note 9)	<b>(1,903,836,708)</b>	<b>(900,000,000)</b>
Short-term investments (Note 5)	<b>(266,983,739)</b>	<b>-</b>
Additions to intangible assets (Note 8)	<b>(143,000)</b>	<b>-</b>
Investment in bonds (Note 7)	<b>-</b>	<b>(463,750,000)</b>
Net cash used in investing activities	<b>(3,567,957,876)</b>	<b>(2,882,950,529)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Issuance of preferred shares (Note 17)	<b>2,910,771,277</b>	<b>-</b>
Availment of long-term debt (Note 11)	<b>2,400,000,000</b>	<b>-</b>
Availment of short-term debt (Note 11)	<b>-</b>	<b>890,000,000</b>
Issuance of bonds payable (Note 12)	<b>-</b>	<b>3,000,000,000</b>
Deposits for future stocks subscription (Note 17)	<b>-</b>	<b>42,480,000</b>
Advances from related parties (Note 15)	<b>118,667,235</b>	<b>4,584,331</b>
Payments for:		
Short-term debt (Note 11)	<b>(574,700,000)</b>	<b>(497,000,000)</b>
Long-term debt (Note 11)	<b>(36,666,667)</b>	<b>-</b>
Bonds payable (Note 12)	<b>(1,393,530,000)</b>	<b>-</b>
Dividends for common stockholders (Note 17)	<b>(146,031,674)</b>	<b>(126,201,322)</b>
Dividends for preferred stockholders (Note 17)	<b>(151,148,250)</b>	<b>-</b>
Bond issuance cost (Note 8)	<b>(13,825,625)</b>	<b>-</b>
Stock issuance cost (Note 8)	<b>-</b>	<b>(52,316,529)</b>
Net cash provided by financing activities	<b>3,113,536,296</b>	<b>3,261,546,480</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>95,187,309</b>	<b>1,066,258,961</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,070,130,065</b>	<b>3,871,104</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱1,165,317,374</b>	<b>₱1,070,130,065</b>

See accompanying Notes to Parent Company Financial Statements.

Date

MAY 12 2021

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# CENTURY PROPERTIES GROUP INC.

(A Subsidiary of Century Properties Inc.)

## NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

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### 1. Corporate Information

Century Properties Group Inc. (CPGI or the Parent Company), a publicly-listed company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 6, 1975. The Parent Company is a 63.12%-owned subsidiary of Century Properties Inc. (CPI; the parent company and ultimate parent company of CPGI) and the rest by the public. The Parent Company is primarily engaged in the development and construction of residential and commercial real estate projects.

The registered office address of the Parent Company is 21st Floor, Pacific Star Building, Sen. Gil Puyat corner Makati Avenue, Makati City.

#### Acquisition of Shares of Another Corporation

The Parent Company has completed the acquisition of 40% of the total outstanding shares or 511,561,143 common stock of FMT Kalayaan, Inc. (“FMTK”; a subsidiary of Mitsubishi Corporation) in Century City Development II Corporation (CCDC II), a subsidiary of the Century Properties Group, Inc. (“CPGI”), on August 24, 2020. The acquisition price is ₱1.90 billion or ₱3.71 per share, paid in cash on August 24, 2020. A deed of absolute sale was executed by MC in favor of CPGI. This resulted to CCDC II being a wholly-owned subsidiary of CPGI.

#### Signing of Memorandum of Agreement with Global Development Corp. (GGDC)

On January 9, 2020, GGDC and the Parent Company signed a memorandum of agreement (MOA) to create a Joint Venture (JV) that will develop 2.6 hectares of the 177-hectare Clark Global City into a mix of residential and office buildings. GGDC is the owner and developer of Clark Global City. It is a wholly owned subsidiary of Udenna Development (UDEVCO) Corp., the real estate and property development arm of one of the fastest growing holding companies in the Philippines, Udenna Corporation. The JV has not yet been incorporated as of the reporting date.

The MOA provides for mixed-use development, i.e. residential and office buildings with support retail establishments. This project will be the Parent Company's first development in Clark, a former military base currently being transformed into the country's next big metropolis and primed as the answer to Metro Manila's congestion. The Parent Company is banking on the phenomenal growth of Central Luzon, which has the highest number of occupied housing units; and also Clark, which has emerged as the second largest market for office after Metro Manila.

Situated within the Clark Freeport Zone, the development offers an ideal regulatory, economic and operating environment. It is also poised to benefit from various public infrastructure projects such as the expansion of the Clark International Airport, NLEX-SLEX Connector Road, Subic-Clark Cargo Railway and PNR North Railway.

The parent company financial statements as at and for the years ended December 31, 2020 and 2019 were approved and authorized for issue by the Board of Directors (BOD) on April 30, 2021.



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## 2. Basis of Preparation and Summary of Significant Accounting Policies

### Basis of Preparation

The parent company financial statements have been prepared using the historical cost basis. The parent company financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All values are rounded to the nearest ₱, unless otherwise indicated.

### Statement of Compliance

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRSs which can be obtained in the Parent Company's registered address.

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2020. Unless otherwise indicated, the adoption did not have any significant impact on the financial statements of the Parent Company.

#### *Effective beginning on or after January 1, 2020*

- Amendments to PFRS 3, *Business Combinations, Definition of a Business*
- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*
- Conceptual Framework for Financial Reporting issued on March 29, 2018

#### *Effective beginning on or after June 1, 2020*

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

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

#### *Effective beginning on or after January 1, 2021*

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

#### *Effective beginning on or after January 1, 2022*

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs 2018-2020 Cycle*
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*



*Effective beginning on or after January 1, 2023*

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- PFRS 17, *Insurance Contracts*

*Deferred effectivity*

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

#### Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company statement of financial position based on current/noncurrent classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent.

#### Cash in Banks

Cash in bank earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement and are subject to an insignificant risk of change in value.

#### Short-term Investments

Short-term investments consist of money market placements made for varying periods of more than three (3) months and up to one (1) year and earn interest at the respective short-term investment rates. Short-term investments does not qualify as cash equivalents.

#### Financial Instruments - Initial Recognition and Subsequent Measurement

##### *Initial recognition*

The Parent Company classifies financial assets, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient, the Parent Company initially measures a financial asset



at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Parent Company has applied the practical expedient are measured at the transaction price determined under PFRS 15.

For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

#### *Subsequent measurement of financial assets*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss
- Financial assets at fair value through OCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- Financial assets designated at fair value through OCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

#### *Financial assets at amortized cost*

The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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

Financial assets at amortized cost are initially recognized at fair value plus directly attributable transaction costs and subsequently measured using the effective interest (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Parent Company's "Cash and cash equivalents", "Short-term investments", "Receivables", "Due from related parties" and "Investment in bonds".

#### *Classification of financial liabilities*

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured 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 Parent Company retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.



This accounting policy relates to the Parent Company's "Trade and other payables" (excluding statutory payables), "Due to related parties", "Short-term debt", "Long-term debt" and "Bonds payable".

#### Impairment of Financial Assets

The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are also recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

The Parent Company applies a simplified approach in calculating ECLs for "Receivables". Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For all debt financial assets other than receivables, ECLs are recognized using the general approach wherein the Parent Company tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

Exposures that have not deteriorated significantly since origination, or where the deterioration remains within the Parent Company's investment grade criteria are considered to have a low credit risk. The provision for credit losses for these financial assets is based on a 12-month ECL. The low credit risk exemption has been applied on debt investments that meet the investment grade criteria of the Parent Company from the time of origination.

The Parent Company's "Cash in banks", "Cash equivalents", "Short-term investments" and "Due from related parties" are graded to be low credit risk investment based on the credit ratings of depository banks and related parties as published by Bloomberg Terminal.



## Derecognition of Financial Assets and Liabilities

### *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### *Financial Liabilities*

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

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value.

All assets and liabilities for which fair value is measured or disclosed in the Parent Company’s financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Parent Company’s financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.





For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the parent company statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the parent company statement of comprehensive income consistent with the function of the intangible asset.

As of December 31, 2020 and 2019, the Parent Company's intangible assets pertain to software licenses.

#### Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that its nonfinancial assets (e.g. property and equipment, investments in subsidiaries and joint venture and other assets) may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss. After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Deposit for Future Stock Subscriptions

Deposits for future stock subscriptions refers to the amount received by the Parent Company from its stockholders with the purpose of applying the same as payment for future issuance of shares of stock.



Under existing SEC rules, DFFS can only be presented as equity if the following conditions are met:

1. Unissued authorized capital stock is insufficient to cover the DFFS;
2. The increase in authorized capital stock is approved by the BOD and stockholders;
3. Application of the increase in authorized capital stock has been filed with the SEC and related filing fees have been paid as of the reporting date.

In 2019, deposits for future stock subscription is classified as liability since the Parent Company's application of the increase in authorized capital stock is not yet filed with SEC as of the reporting date. In 2020, the deposits for future stock subscription is utilized.

#### Equity

##### *Common stock, Preferred stock and Additional paid-in capital*

The Parent Company records common and preferred stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share.

##### *Retained earnings*

Retained earnings represent accumulated earnings of the Parent Company less dividends declared, if any.

##### *Treasury shares*

Treasury shares are own equity instruments which are reacquired and are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them respectively.

#### Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those goods or services.

##### *Dividend income*

Revenue is recognized at a point in time when the Parent Company's right to receive payment is established.

##### *Interest income*

Interest income is recognized as it accrues taking into account the effective yield on the asset.

##### *Other income*

Other income is recognized at a point in time when there are incidental economic benefits, other than the usual business operations, that will flow to the Parent Company and that can be measured reliably.

#### Expenses

Expenses are recognized when incurred.

#### Income Taxes

##### *Current tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of reporting date.



*Deferred tax*

Deferred tax is provided, using the balance sheet method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefit of unused net operating loss carryover (NOLCO), and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences and the carry forward of unused NOLCO and MCIT can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as of the reporting date.

Events After the Reporting Date

Post year-end events up to the date of auditor's report that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to parent company financial statements when material.

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**3. Significant Accounting Judgments and Use of Estimates**

The preparation of the parent company financial statements in compliance with PFRSs requires the Parent Company to make judgments and estimates that affect the amounts reported in the parent company financial statements and 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 of the date of the parent company financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

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



### Judgment

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

#### *Determining impairment indicators of nonfinancial assets*

The Parent Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Parent Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

The Parent Company determined that there were no indicators which could trigger an impairment review in 2020 and 2019, hence, no impairment loss was recognized in both years.

#### *Classification of advances to related parties*

The Parent Company classified advances to related parties as current assets even if there have been minimal movement in respect of collections of these receivables. The Parent Company believes based on its discussion with the counterparties that these receivables will finally be settled in 2021. These receivables amounted to ₱8,968.31 million and ₱6,181.41 million as of December 31, 2020 and 2019, respectively.

### Estimates

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

#### *Recognition of deferred tax assets*

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Parent Company assessed its projected performance in determining the sufficiency of the future taxable income. As of December 31, 2020 and 2019, the Parent Company has unrecognized deferred tax assets amounting to ₱218.48 million and ₱143.11 million, respectively (see Note 16).

#### *Incorporation of forward-looking information*

The Parent Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Parent Company has considered a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Parent Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Parent Company considers a representative range of possible forecast scenarios.



This process involves gathering two or more economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The Parent Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analyzing historical data over the past 5 years. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

The Parent Company has not identified any uncertain event that it has assessed to be relevant to the risk of default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

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#### 4. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash in banks	₱213,774,285	₱52,868,504
Cash equivalents	951,543,089	1,017,261,561
	<b>₱1,165,317,374</b>	<b>₱1,070,130,065</b>

Cash in banks earn interest at the respective bank deposit rates.

Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three (3) months depending on the immediate cash requirements of the Parent Company and earn interest at the prevailing short-term rates ranging from 0.3% to 1.5% in 2020 and 0.8% to 4.4% in 2019.

Interest income earned on cash and cash equivalents amounted to ₱58.47 million and ₱72.44 million in 2020 and 2019, respectively.

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#### 5. Short-term Investments

As of December 31, 2020, short-term investments amounted to ₱266.98 million. Short-term investments include money market placements exceeding 3 months but less than one year. Short-term investments earn at prevailing short-term rate of 1.2% in 2020.

Interest income earned on short-term investments amounted to ₱0.12 million in 2020.



## 6. Receivables

This account consists of:

	2020	2019
Notes receivable (Note 15)	<b>₱150,718,000</b>	₱1,540,618,937
Dividends receivable (Note 9)	<b>496,000,000</b>	850,000,000
(Forward)		
	2020	2019
Accrued interest receivable	<b>39,045,832</b>	21,385,167
Receivables from employees	<b>7,281,604</b>	7,319,998
Others	<b>618,624</b>	618,624
	<b>₱693,664,060</b>	₱2,419,942,726

Notes receivable pertain to the intercompany loans extended by the Parent Company to its subsidiaries. These bear interest ranging from 7.50% to 8.50% in 2020 and 2019 and are due and demandable (see Note 15).

Dividends receivable pertains to cash dividend declaration from subsidiaries as follows (see Note 9):

	2020	2019
Century Limitless Corporation (CLC)	<b>₱350,000,000</b>	₱850,000,000
CCDC II	<b>140,000,000</b>	-
Century Properties Management Inc. (CPMI)	<b>6,000,000</b>	-
	<b>₱496,000,000</b>	₱850,000,000

Accrued interest receivable pertains to interest earned from money market placements under cash and cash equivalents and interest from on-loan agreement with subsidiaries (see Note 15).

In 2020, the Parent Company has written-off receivables from employees amounting to ₱10.00 million in the parent company statement of comprehensive income. The remaining receivables aside from those written off are unimpaired.

Dividend receivables and other receivables are due within one year and bear no interest.

No allowance for expected credit losses on receivables was recognized as of December 31, 2020 and 2019.

## 7. Investments in Bonds

On July 10, 2019, the Parent Company purchased Philippine Peso-denominated, fixed rate bonds amounting to ₱463.75 million. The bonds were issued at par by China Banking Corporation, with maturity of eighteen (18) months from issue date and interest rate of 5.70% per annum. The bonds are rated "AAA" by Philippine Rating Services Corporation. Investment in bonds is classified and measured as financial assets at amortized cost since bonds are held to collect contractual cash flows representing solely payments of principal and interest.

For the year ended December 31, 2020 and 2019, interest income from investment in bonds amounted to ₱25.85 million and ₱12.74 million, respectively.



## 8. Other Noncurrent Assets

This account consists of:

	2020	2019
Intangible assets	<b>₱20,567,126</b>	₱23,589,843
Bond issuance costs	<b>13,825,625</b>	–
Stock issuance costs	–	52,316,529
Creditable withholding tax (CWT)	<b>47,859</b>	47,859
Others	<b>1,909,772</b>	1,909,772
	<b>₱36,350,382</b>	₱77,864,003

Intangible assets consists of application software licenses acquired by the Parent Company. Amortization recognized from the intangible asset amounted to ₱3.17 million and ₱4.39 million in 2020 and 2019, respectively, and is presented under the “Depreciation and amortization” account in the parent company statement of comprehensive income. Additions to intangible assets amounted to ₱143,000 and nil in 2020 and 2019, respectively.

Bond issuance costs amounting to ₱13.83 million pertains to direct costs incurred and paid by the Parent Company in 2020 for the public offering of retail bonds prior to issuance in 2021. The bonds relating to the issue costs have not been issued; they are expected to be issued on March 1, 2021.

Stock issuance costs amounting to ₱52.32 million pertains to the direct costs incurred and paid by the Parent Company in 2019 for the preferred stock subscription prior to issuance in 2020. This was applied against the proceeds from preferred shares in 2020.

Others consists mostly of rental deposits which will be held and applied in relation to the Parent Company’s contracts for its administrative offices. The deposits are noninterest-bearing and are recoverable through application of rentals at the end of the lease term.

In 2019, the Company wrote off CWT amounting to ₱2.63 million which management assessed to be no longer recognizable.

## 9. Investments in Subsidiaries

The following are the Parent Company’s subsidiaries as of December 31, 2020 and 2019, which were all incorporated in the Philippines, and the related amounts of investment and percentages of ownership:

	% of Ownership		Amounts		Nature of Business
	2020	2019	2020	2019	
Century City Development Corporation (CCDC)*	<b>100%</b>	100%	<b>₱3,616,291,142</b>	₱3,616,291,142	Development and sale of condominiums
CLC	<b>100%</b>	100%	<b>1,010,628,235</b>	1,010,628,235	
CCDC II (Note 1)*	<b>40%</b>	–	<b>1,903,836,708</b>	–	Leasing of office spaces
PHirst Park Homes, Inc. (PPHI)	<b>60%</b>	60%	<b>1,207,500,000</b>	1,207,500,000	Development and sale of residential house and lots
Century Communities Corporation (CCC)	<b>100%</b>	100%	<b>126,771,700</b>	126,771,700	

(Forward)



	% of Ownership		Amounts		Nature of Business
	2020	2019	2020	2019	
Century Properties Management Inc. (CPMI)	100%	100%	₱17,979,940	₱17,979,940	Property management
Century Destinations and Lifestyle Corp. (CDLC)	100%	100%	15,000,000	15,000,000	Real estate and hospitality activities
			<b>₱7,898,007,725</b>	<b>₱5,994,171,017</b>	

\*CCDC owns 60% of CCDC II, making the effective ownership of the Parent Company in CCDC II 100% and 60% in 2020 and 2019, respectively.

In 2020, the Parent Company recognized dividend income amounting to ₱350.00 million from CLC, ₱140.00 million from CCDC II and ₱49.10 million from CPMI (see Note 6).

In 2019, the Parent Company recognized dividend income amounting to ₱850.00 million from CLC (see Note 6).

## 10. Trade and Other Payables

This account consists of:

	2020	2019
Accounts payable	₱29,764,902	₱13,690,174
Accrued expenses		
Accrued interest (Notes 11 and 12)	68,589,030	65,794,264
Others	–	1,505,609
Taxes payables	1,641,668	7,670,182
Dividends payable (Note 17)	215,064,277	11,717,931
	<b>₱315,059,877</b>	<b>₱100,378,160</b>

Accounts payable and accrued expenses are noninterest bearing and are due within one (1) year.

Accrued expenses consist mainly of utilities, marketing costs, professional fees, communication, transportation and travel, security, insurance and representation.

Taxes payable represent withholding taxes payable and VAT payable for expenses incurred.

Dividends payable pertains to the outstanding balance of the cash dividends declared in 2020 and subsequently paid in 2021 (see Note 17).

## 11. Loans Payable

### Short-term Debts

The roll forward of this account follows:

	2020	2019
Balance at beginning of year	₱890,000,000	₱497,000,000
Availment	–	890,000,000
Payments	(574,700,000)	(497,000,000)
Balance at end of year	<b>₱315,300,000</b>	<b>₱890,000,000</b>





In 2019, the Parent Company availed a new loan facility agreement with Chinabank Corporation (CBC) amounting to ₱890.00 million with interest rate ranging from 5.25% to 5.91%.

On August 6, 2018, the Parent Company renewed its loan facility agreement with CBC amounting to ₱502.00 million with interest rate ranging from 4.91% to 5.26% in 2018. This was fully paid in 2019.

Interest expense incurred for short-term debts in 2020 and 2019 amounted to ₱43.49 million and ₱34.51 million, respectively (see Note 14).

#### Long-term Debts

The roll forward of this account in 2020 follows:

Principal:	
Balance at beginning of year	₱-
Availment	2,400,000,000
Payments	(36,666,667)
<u>Balance at end of year</u>	<u>2,363,333,333</u>
Deferred financing costs:	
Balance at beginning of year	₱-
Addition	54,116,836
Amortization	(9,363,531)
<u>Balance at end of year</u>	<u>44,753,305</u>
	2,318,580,028
<u>Less current portion</u>	<u>132,000,507</u>
<u>Noncurrent portion</u>	<u>₱2,186,579,521</u>

On August 24 and September 2, 2020, the Parent Company entered into a two-year term loan agreement with CBC amounting to ₱1,400.00 million and ₱1,000.00 million, respectively. The loan has principal payments due quarterly with an interest of 4.85% per annum.

Interest expense incurred for the long-term debts in 2020 amounted to ₱41.77 million (see Note 14).

Under the term loan agreement with CBC, the Parent Company pledged its shares over CCDC II amounting to ₱1,900.00 million (see Note 9). The Pledged Shares include the following:

- The Acquisition Shares, including the Directors' Shares, and the After Acquired Shares and all the rights, title and interest of any kind or character therein, together with all accessory contracts in relation thereto;
- all rights, benefits, dividends, loss proceeds, indemnities, insurance payments, and other payments received by or due to the Security Grantor in lieu of, or inherent to, or in connection with, the Pledged Shares; and
- all Property of every nature and description whether now owned or hereafter acquired as proceeds for, in exchange for, in substitution of, or replacement of any of the Pledged Shares.

The loan agreement contains some or all of the following restrictions: maintenance of debt service ratio, debt to equity ratio and current ratio of 1.2x, 2.0x and 1.5x, respectively. These restrictions and requirements were complied with by the Parent Company as of December 31, 2020.



## 12. Bonds Payable

Bonds payable consist of the following:

	2020	2019
Three-year bond	<b>₱3,000,000,000</b>	₱3,000,000,000
Five-and-half year bond	–	1,393,530,000
Seven-year bond	<b>119,110,000</b>	119,110,000
	<b>3,119,110,000</b>	4,512,640,000
Less unamortized transaction costs	<b>34,343,713</b>	59,607,834
	<b>3,084,766,287</b>	4,453,032,166
Less current portion	<b>118,781,010</b>	1,392,653,130
Noncurrent portion	<b>₱2,965,985,277</b>	₱3,060,379,036

On April 15, 2019, the Parent Company listed at the Philippine Dealing and Exchange Corp. (PDEX) its three-year bonds, with interest rates of 7.8203% p.a. The ₱3.00 billion proceeds of the were used to partially finance development costs for CPGI's affordable housing and townhome projects. The bonds are rated "AA" by Credit Rating and Investor Services Philippines Inc. (CRISP).

The bond agreement contains some or all of the following restrictions: maintenance of debt service ratio, debt to equity ratio and current ratio of 1.2x, 2.0x and 1.5x, respectively. These restrictions and requirements were complied with by the Parent Company as of December 31, 2020 and 2019.

In 2020, the Parent Company repaid its five-and-half year bond in full amounting to ₱1,393.53 million.

Interest expense incurred from bonds payable amounted to ₱291.48 million and ₱289.74 million in 2020 and 2019, respectively which include amortization of deferred financing costs amounting to ₱25.26 million and ₱47.93 million in 2020 and 2019, respectively (see Note 14).

### *Application for Public Offering of Retail Bonds*

On December 14, 2020, the Board approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000) to be filed with the Securities and Exchange Commission. The listing of the said retail bonds once approved will be at the Philippine Dealing and Exchange Corporation.

On February 10, 2021, the Securities and Exchange Commission approved the Parent Company's application of public offering of unsecured fixed-rate peso denominated retail bonds in amount of Two Billion Pesos (₱2,000,000,000) with an Oversubscription Option of up to One Billion Pesos (₱1,000,000,000). On March 1, 2021, the Parent Company listed at the listed at the PDEX its three-year bonds, with interest rates of 4.8467% p.a.

## 13. Miscellaneous Expense

Miscellaneous expense amounted to ₱0.88 million and ₱8.33 million for the year ended December 31, 2020 and 2019, respectively. This pertains to software maintenance, notarial fees and membership fees, among others.



#### 14. Interest and Other Financing Charges

Details of this account follow:

	2020	2019
Interest expense (Notes 11 and 12)	<b>₱376,736,960</b>	₱324,249,426
Other financing charges	<b>12,041,963</b>	13,153,961
	<b>₱388,778,923</b>	₱337,403,387

Other financing charges pertain to transaction costs incurred on various bank remittances related to long-term debt.

#### 15. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

The Parent Company has material related party transactions policies containing the approval requirements and limits on amounts and extent of related party transactions in compliance with the requirements under the Revised SRC Rule 68 and SEC Memorandum Circular 10, series of 2019.

The Parent Company has an approval requirement such that material related party transactions shall be reviewed by the Related Party Transactions Committee (the Committee) and endorsed to the BOD for approval. Material related party transactions are those transactions that meet the threshold value as approved by the Committee amounting to ₱50.0 million and other requirements as may be recommended by the Committee.

The Parent Company in their regular conduct of business has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements. Outstanding balances at year-end are unsecured and noninterest-bearing. There have been no guarantees provided or received for any related party receivables or payables.

##### Due to related parties

Related party	Receipts (Payments)	Outstanding Balance		Terms and Conditions
		2020	2019	
<b>Ultimate Parent:</b>				
CPI	₱80,204,905	<b>₱195,430,779</b>	₱115,225,874	Noninterest-bearing, due and demandable, unsecured
<b>Subsidiaries:</b>				
PPHI	38,462,330	<b>75,071,880</b>	36,609,550	
Tanza Properties, Inc. I	-	<b>166,224</b>	166,224	
		<b>₱270,668,883</b>	₱152,001,648	



**Due from related parties**

Related party	Receipts (Payments)	Outstanding Balance		Terms and Conditions
		2020	2019	
<b>Subsidiaries:</b>				
CLC	(₱1,985,879,684)	<b>₱5,067,481,998</b>	₱3,081,602,314	
CCC	624,978,000	<b>1,140,359,634</b>	1,765,337,634	
CCDC and subsidiaries	(1,435,503,017)	<b>2,467,128,074</b>	41,724,120	
CCDC II	4,406,053	–	4,406,053	Noninterest-bearing,
CDLC	950,128,716	<b>249,786,053</b>	1,199,914,769	due and demandable,
CPMI	–	<b>8,507,317</b>	8,507,317	unsecured, no
Siglo Suites, Inc.	–	<b>18,923,134</b>	18,923,134	impairment
<b>Others:</b>				
Century Group International Corp.	(12,322)	<b>24,957</b>	12,635	
Stockholder	–	<b>10,388,029</b>	10,388,029	
Others	44,887,825	<b>5,710,662</b>	50,598,487	
		<b>₱8,968,309,858</b>	₱6,181,414,492	

Due to or from the above related parties includes cross charges such as salaries and wages, travel of certain employees and administrative and operating expenses. The due to or from the above related parties are settled in cash.

*On-loan agreement with subsidiaries*

In 2013, the Parent Company entered into an On-Loan Agreement (the Agreement) with its subsidiaries regarding the use of proceeds from its bank loan with SCB. The Agreement states that the Parent Company may extend loan proceed to its subsidiaries to enable them to finance the construction and development of their respective projects. The loaned amount is subject to the same interest rates charged by SCB to the Parent Company.

As of December 31, 2020 and 2019, outstanding receivable arising from the on-loan agreement amounted to ₱150.18 million and ₱1,540.62 million, respectively and were recorded under “Notes receivable” in the “Receivables” account. Interest income from on-loan agreement amounted ₱31.62 million and ₱103.58 million as of December 31, 2020 and 2019, respectively (see Note 6).

In 2020, the Parent Company entered into an agreement with CCDC to convert outstanding receivable from the on-loan agreement from the latter amounting to ₱989.90 million to advances. This is presented under “Due from related parties” account in the statement of financial position. There were no changes in the terms of the agreement. This is considered as a noncash investing activity in the parent company statement of cash flows (see Note 20)

The Parent Company did not incur any key management compensation in 2020 and 2019. The Parent Company’s key management are employed and compensated by other related parties.



## 16. Income Tax

The provision for income tax consists of:

	2020	2019
Final	<b>₱16,890,008</b>	₱17,035,631
MCIT	<b>632,160</b>	2,081,733
	<b>17,522,168</b>	19,117,364
Deferred	<b>5,846,755</b>	28,985,589
	<b>₱23,368,923</b>	₱48,102,953

### *Current tax*

Income taxes include MCIT paid at the rate of 2% and final taxes paid at the rate of 20% which is a final withholding tax on gross interest income from debt instruments and other deposit substitutes.

### *Deferred tax*

Deferred tax liability in 2020 and 2019 amounted to ₱23.73 million and ₱17.88 million, respectively. This pertains to unamortized deferred financing costs recognized in the parent company statement of comprehensive income.

As of December 31, 2020, the carryover of NOLCO that can be claimed as deduction from future taxable income is as follows:

Year Incurred	Amount	Expired	Balance	Expiry Year
2017	₱103,945,962	(₱103,945,962)	₱-	2020
2018	57,362,116	-	57,362,116	2021
2019	288,298,752	-	288,298,752	2022
2020	366,717,112	-	366,717,112	2025
	<b>₱816,323,942</b>	<b>(₱103,945,962)</b>	<b>₱712,377,980</b>	

As of December 31, 2020, MCIT that can be used as deductions against regular income tax liabilities are as follows:

Year incurred	Amount	Expired	Balance	Expiry Year
2017	₱4,083,836	(₱4,083,836)	₱-	2020
2018	2,056,729	-	2,056,729	2021
2019	2,081,733	-	2,081,733	2022
2020	632,160	-	632,160	2023
	<b>₱8,854,458</b>	<b>(₱4,083,836)</b>	<b>₱4,770,622</b>	

### *Unrecognized deferred tax assets*

The Parent Company has NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized. Unrecognized deferred tax asset on NOLCO amounted to ₱213.71 million and ₱134.89 million as of December 31, 2020 and 2019, respectively, while unrecognized deferred tax asset on MCIT amounted to ₱4.77 million and ₱8.22 million as of December 31, 2020 and 2019, respectively.



*Statutory reconciliation*

The reconciliation of the provision for income tax computed at statutory income tax rate to the provision for income tax shown in the parent company statement of comprehensive income follows:

	2020	2019
Provision for income tax computed at statutory rate	<b>₱70,722,427</b>	₱201,408,900
Adjustments for:		
Change in unrecognized deferred tax asset	<b>75,379,669</b>	92,655,194
Final tax on interest income	<b>16,890,008</b>	17,035,631
Expired NOLCO	<b>31,183,789</b>	-
Expired MCIT	<b>4,083,836</b>	9,042,994
Nondeductible expense	<b>12,172,971</b>	8,513,683
Nontaxable income	<b>(161,728,765)</b>	(255,000,000)
Income subject to final tax	<b>(25,335,012)</b>	(25,553,449)
	<b>₱23,368,923</b>	₱48,102,953

## 17. Equity

*Common stock*

The Parent Company's authorized capital stock and issued and subscribed shares amounted to 18.00 million shares and 11.70 million shares, respectively as of December 31, 2020 and 2019. There are no movements in the Parent Company's authorized, issued and subscribed shares in 2020 and 2019.

The following summarizes the Parent Company's record of registration of securities under the Revised Securities Regulation Code:

On February 09, 2000, the Parent Company was listed with the Philippine Stock Exchange with a total of 3,554.72 million common stock, issued, paid and outstanding. The offering of the shares was at ₱1.00 per share.

On November 11, 2014, the Philippine Stock Exchange, Inc. approved the application of the Parent Company to list additional 730.32 million common stock, with a par value of ₱0.53 per share, to cover the Parent Company's 20.62% stock dividend declaration to stockholders of record as of October 27, 2014 which was paid on November 14, 2014.

On August 30, 2019, the Parent Company's BOD authorized and approved the amendment of the stockholders' resolution dated September 29, 2017, specifically: (a) change in the par value of the proposed reclassified 3.00 billion Preferred stock from ₱1.00 to ₱0.53 per share and (b) no increase in the authorized capital stock of the Parent Company, together with the consequent amendment of article nine of the amended articles of incorporation of the Parent Company. The amendment was approved by the SEC in January 2020.

As of December 31, 2020, and 2019, the Parent Company had 499 stockholders with at least one board lot at the PSE, for a total of 11,599,600,690 (₱0.53 par value) issued and outstanding common stock. There are no movements in common stock during the year.

There is no movement in authorized and issued common shares in 2020 and 2019.



*Preferred stock*

On January 10, 2020, the Parent Company listed at the main board of the PSE its maiden follow-on offering of preferred stock under the trading symbol “CPGP”. These preferred stock are cumulative, non-voting, non-participating and redeemable at the option of the Parent Company. The Parent Company offered 20 million preferred stock at ₱100.00 each with an oversubscription option of up to 10 million preferred stock on December 16, 2019 to January 3, 2020, after the SEC issued an order rendering the Registration Statement that was filed on October 19, 2019 effective and a corresponding permit to offer the securities for sale. The initial dividend rate was set at 6.7177% per annum. The dividends on the preferred stock shall be paid quarterly, every January 10, April 10, July 10, and October 10 of each year.

The 30,000,000 preferred stock with a par value of ₱0.53 were fully subscribed totaling ₱15.90 million. Additional paid-in capital from preferred stock amounted ₱2,984.10 million and issuance cost totaled ₱99.06 million resulting in a net additional paid-in capital ₱2,885.03 million. Total cash received from issuance of preferred shares amounted to ₱2,910.77 million

Deposits from stockholders presented as “Deposit for future stock subscription” in the statement of financial position received by the Parent Company in 2019 amounting to ₱42.48 million were applied as payment for the issuance of shares of stock in 2020.

The rollforward of preferred stock of the Parent Company as of December 31, 2020 is as follows:

	<u>Number of shares</u>
<u>Authorized preferred stock, ₱0.53 par value</u>	<u>3,000,000,000</u>
Issued preferred stock:	
Balance at beginning of year	—
Issued during the year	30,000,000
<u>    Balance at end of year</u>	<u>30,000,000</u>

*Treasury shares*

On January 7, 2013, the BOD of the Parent Company approved a share buyback program for those shareholders who opt to divest of their shareholdings in the Parent Company. A total of ₱800.00 million worth of shares will be up for buyback for a time period of up to 24 months. In 2014 and 2013, a total of 85.68 shares and 14.44 million shares were reacquired at a total cost of ₱87.15 million and ₱22.52 million, respectively.

As of December 31, 2020 and 2019, treasury shares amounted to ₱109.67 million consisting of 100,123,000 shares. There are no movements in treasury shares during the year.

*Cash dividend declaration*

On December 22, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱201.53 million for shares of record January 5, 2021 with payment date on January 11, 2021, shares of record date April 6, 2021 with payment date on April 12, 2021, shares of record date July 6, 2021 with payment date on July 12, 2021 and shares of record date October 6, 2021 with payment date on October 11, 2021.

On August 26, 2020, the BOD approved the declaration of ₱0.0063 per share cash amounting to ₱147.85 million for the common stock for distribution to the stockholders of the Parent Company of record September 10, 2020 and November 6, 2020. On September 18, 2020 and November 18, 2020, dividends amounting to ₱146.03 million were paid.



On July 1, 2020, the BOD approved the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱100.77 million for shares of record July 8, 2020 with payment date on July 10, 2020, and of record date October 6, 2020 with payment date on October 12, 2020.

On March 20, 2020, the BOD the declaration of cash dividends for the preferred shares with dividend rate of 6.7177% amounting to ₱50.38 million with payment date on April 13, 2020.

On June 25, 2019, the BOD of the Parent Company approved the declaration of ₱0.02 per share cash dividends amounting to ₱137.92 million for distribution to the stockholders of the Parent Company of record as of June 26, 2019. On July 23, 2019, dividends amounting ₱126.20 million were paid.

#### *Capital risk management*

The primary objective of the Parent Company's capital management is to ensure that it maintains a strong and healthy statement of financial position to support its current business operations and drive its expansion and growth in the future.

Total capital is calculated as equity as shown in parent company statement of financial position.

Except from the restrictions imposed in Note 11 and 12, the Parent Company is not subject to any other externally imposed capital requirements.

The table below pertains to the account balances the Parent Company considers as its core capital:

	2020	2019
Common stock	₱6,200,853,553	₱6,200,853,553
Preferred stock	15,900,000	-
Additional paid-in capital	5,524,776,889	2,639,742,141
Treasury shares	(109,674,749)	(109,674,749)
Retained earnings	1,535,478,265	1,823,632,034
	<b>₱13,167,333,958</b>	<b>₱10,554,552,979</b>

## 18. Financial Instrument

#### Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of the Parent Company's financial instruments as of December 31, 2020 and 2019:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Asset</b>				
Investment in bonds	₱463,750,000	₱463,750,000*	₱463,750,000	₱470,041,482
<b>Financial Liabilities</b>				
Long-term debt	₱2,318,580,028	₱2,405,915,704	₱-	₱-
Bonds payable	3,084,766,287	3,172,154,215	4,453,032,166	4,512,640,000

\*Investment in bonds was liquidated in January 2021.

Fair values of cash and cash equivalents, short-term investments, receivables, due from and to related parties, trade and other payables and short-term debt approximate their carrying amounts due to the short-term nature of the transactions.





The fair values of investment in bonds are based on the discounted value of future cash flows using the applicable market interest rates. The discount rate used for the investment in bonds is 3.82% as of December 31, 2019.

The fair value of long-term debt is estimated using the discounted cash flow methodology using the Parent Company's applicable market interest rates for similar borrowings. The discount rates used for the long-term debt ranged from 1.00% to 1.85% as of December 31, 2020.

The fair value of bonds payable is estimated using the discounted cash flow methodology using the Parent Company's applicable market interest rates for similar borrowings. The discount rates used for the bonds payable ranged from 1.00% to 1.71% and 2.79% to 4.52% as of December 31, 2020 and 2019, respectively.

#### Financial Risk Management Objectives and Policies

The Parent Company's principal financial liabilities consist of trade and other payables, due to related parties and long-term debts and bonds payable. The main purpose of the Parent Company's financial liabilities is to finance the subsidiaries' operations. The Parent Company's financial assets comprise of cash and cash equivalents, receivables, due from related parties and investment in bonds. The main risks arising from the use of financial instruments are credit risk and liquidity risk. The BOD reviews and agrees with policies for managing each of these risks. The Parent Company monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD. The Parent Company's risk management policies are summarized below.

#### *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company's exposure to credit risk arises from default of the counterparties. The Parent Company transacts only with institutions or banks that have proven track record in financial soundness.

The Parent Company's maximum exposure to credit risk as of December 31, 2020 and 2019 is equal to the carrying values of its financial assets amounting to ₱11,553.75 million and ₱10,135.24 million, respectively.

All of the Parent Company's financial assets are neither past due nor impaired.

The credit quality of the financial assets was determined as follows:

Cash and cash equivalents and investment in bonds are considered as high grade financial assets as these are entered into with highly reputable counterparties.

Receivables and due from related parties are considered as standard grade as these are settled on time or are slightly delayed due to unresolved concerns.

#### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or the counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.



The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and advances from related parties. The Parent Company considers its available funds and its liquidity in managing its long-term financial requirements. It matches its projected cash flows to the projected amortization of long-term borrowings. For its short-term funding, the Parent Company's policy is to ensure that there are sufficient operating inflows to match repayments of short-term debt.

The following table shows the maturity profile of the Parent Company's financial assets used for liquidity purposes and financial liabilities based on undiscounted cash receipts and payments, respectively as of December 31, 2020 and 2019:

	2020		
	Within 1 year	1 - 5 years	Total
<b>Financial Assets</b>			
Cash and cash equivalents	₱1,165,317,374	₱-	₱1,165,317,374
Short-term investment	266,983,739	-	266,983,739
Receivables*	689,387,028	-	689,387,028
Due from related parties	8,968,309,858	-	8,968,309,858
Investment in bonds	463,750,000	-	463,750,000
	<b>₱11,553,747,999</b>	<b>₱-</b>	<b>₱11,553,747,999</b>
<b>Financial Liabilities</b>			
Trade and other payables**	₱313,418,211	₱-	₱313,418,211
Due to related parties	270,668,883	-	270,668,883
Short-term debt:			
Principal	315,300,000	-	315,300,000
Interest	11,602,567	-	11,602,567
Long-term debt:			
Principal	132,000,507	2,231,332,826	2,363,333,333
Interest	90,955,811	102,223,552	193,179,363
Bonds payable:			
Principal	119,110,000	3,000,000,000	3,119,110,000
Interest	117,304,500	240,840,657	358,145,157
	<b>₱1,370,360,479</b>	<b>₱5,574,397,035</b>	<b>₱6,944,757,514</b>

\*Excluding receivables from employees amounting to ₱7.28 million as of December 31, 2020.

\*\*Excluding statutory payables amount to ₱1.64 million as of December 31, 2020.

	2019		
	Within 1 year	1 - 5 years	Total
<b>Financial Assets</b>			
Cash and cash equivalents	₱1,070,130,065	₱-	₱1,070,130,065
Receivables*	2,412,622,728	-	2,412,622,728
Due from related parties	6,181,414,492	-	6,181,414,492
Investment in bonds	-	463,750,000	463,750,000
	<b>₱9,664,167,285</b>	<b>₱463,750,000</b>	<b>₱10,127,917,285</b>
<b>Financial Liabilities</b>			
Trade and other payables**	₱92,707,978	₱-	₱92,707,978
Due to related parties	152,001,648	-	152,001,648
Short-term debt:			
Principal	890,000,000	-	890,000,000
Interest	34,505,114	-	34,505,114
Bonds payable:			
Principal	1,392,653,130	3,119,986,870	4,512,640,000
Interest	18,641,913	40,965,921	59,607,834
	<b>₱2,580,509,783</b>	<b>₱3,160,952,791</b>	<b>₱5,741,462,574</b>

\*Excluding receivables from employees amounting to ₱7.322 million as of December 31, 2020.

\*\*Excluding statutory payables amount to ₱5.86 million as of December 31, 2019.



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## 19. Events After the Reporting Date

### *Public Offering of Retail Bonds*

On February 10, 2021, the Securities and Exchange Commission has issued the Order rendering effective the Parent Company's registration of its unsecured fixed-rate peso denominated retail bonds with the aggregate principal amount of ₱2,000.0 million with an oversubscription option of up to ₱1,000.0 million.

### *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill*

On March 26, 2021, the CREATE Bill was signed into law by the Philippine President. General provisions of the CREATE bill include the following:

- Domestic corporations with total assets of 100.00 million and below
  - With taxable income of 5.00 million and below - 20% RCIT
  - With taxable income of more than 5.00 million - 25% RCIT
- Domestic corporations with total assets of more than 100.00 million - 25% RCIT
- Reduction of MCIT from 2% to 1% for a period of three years (effective July 1, 2020 until June 30, 2023).

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Parent Company would have been subjected to lower regular corporate income tax rate of 27.5% effective July 1, 2020. Based on the provisions of Revenue Regulations (RR) No. 50-2021 dated April 5, 2021 issued by the BIR, the prorated CIT rate of the Parent Company for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020. The reduced amounts will be reflected in the Parent Company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.

### *COVID-19 Outbreak*

The COVID-19 pandemic which broke out in early 2020 resulted in nationwide community quarantine from March 15, 2020 that extends until the audit report date and negatively impacted the Philippine economy. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

There is no significant impact to the Parent Company.

The above are considered as non-adjusting subsequent events.



## 20. Notes to Parent Company Statement of Cash Flows

### *Noncash financing activities*

- Amortization of deferred financing costs amounting to ₱25.26 million and ₱52.86 million in 2020 and 2019, respectively (See Notes 11 and 12).
- Transfer from deposits for future stock subscription to additional paid-in capital amounting to ₱42.48 million in 2020 (See Note 17).
- Transfer from stock issuance costs to additional paid-in capital amounting to ₱52.32 million in 2020 (See Note 8).

### *Noncash investing activity*

- Conversion of notes receivable amounting to ₱989.90 million to due from related parties (See Note 15).

### *Changes in liabilities arising from financing activities*

	2020						
	Beginning of the year	Cash flows	Movement in deferred financing cost	Movement in deposit for future stock subscriptions	Movement in stock issuance costs	Dividend declaration	End of the year
Paid-in capital	₱8,840,595,694	₱2,910,771,277	₱-	₱42,480,000	(₱52,316,529)	₱-	₱11,741,530,442
Due to related parties	152,001,648	118,667,235	-	-	-	-	270,668,883
Bonds payable	4,453,032,166	(1,393,530,000)	25,264,121	-	-	-	3,084,766,287
Short-term debt	890,000,000	(574,700,000)	-	-	-	-	315,300,000
Long-term debt	-	2,363,333,333	(44,753,305)	-	-	-	2,318,580,028
Deposits for future stock subscription	42,480,000	-	-	(42,480,000)	-	-	-
Stock issuance cost	(52,316,529)	-	-	-	52,316,529	-	-
Dividends payable	11,717,931	(297,179,924)	-	-	-	500,526,270	215,064,277
Bond issue costs	-	(13,825,625)	-	-	-	-	(13,825,625)
<b>Total liabilities from financing activities</b>	<b>₱14,337,510,910</b>	<b>₱3,113,536,296</b>	<b>(₱19,489,184)</b>	<b>₱-</b>	<b>₱-</b>	<b>₱500,526,270</b>	<b>₱17,932,084,292</b>



2019

	Beginning of the year	Cash flows	Movement in deferred financing cost	Dividend declaration	End of the year
Due to related parties	₱147,417,317	₱4,584,331	₱-	₱-	₱152,001,648
Bonds payable	1,505,894,698	3,000,000,000	(52,862,532)	-	4,453,032,166
Short-term debt	497,000,000	393,000,000	-	-	890,000,000
Long-term debt	-	-	-	-	-
Deposits for future stock subscription	-	42,480,000	-	-	42,480,000
Dividends payable	-	(126,201,322)	-	137,919,252	11,717,930
Stock issuance cost	-	(52,316,529)	-	-	(52,316,529)
<b>Total liabilities from financing activities</b>	<b>₱2,150,312,015</b>	<b>₱3,261,546,480</b>	<b>(₱52,862,532)</b>	<b>₱137,919,252</b>	<b>₱5,496,915,215</b>



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## 21. Supplementary Tax Information under Revenue Regulations 15-2010

RR No. 15-2010 are promulgated to amend certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying tax returns. In addition to the disclosures mandated under PFRS, RR No. 15-2010 requires disclosures regarding information on taxes, duties and license fees paid or accrued during the taxable year.

### Value Added Tax (VAT)

Net Sales/Receipts and Output VAT declared in the Company's VAT returns filed for the period

	Net Sales/ Receipts	Output VAT
Taxable receipts:		
Interest income	₱-	₱-

The Company's receipts that are subject to VAT are reported under the "Interest Income" account.

The rollforward of input VAT for 2020 follows:

Balance at January 1		₱-
Input VAT on purchase of goods and services including importation		2,837,443
		<u>2,837,443</u>
Claims for tax credit/refund and other adjustments		-
Balance at December 31		<u>₱2,837,443</u>

### Other Taxes and Licenses

Other taxes and licenses in 2020 pertain to license permit fees amounting to ₱5.12 million.

### Withholding Taxes

Withholding taxes in 2020 pertain to expanded withholding taxes amounting to ₱2.21 million.

