COVER SHEET

					9	8	7	8	0

S.E.C. Registration Number

ABACORE CAPITAL HOLDINGS, INC.
AND SUBSIDIARIES

(Company's Full Name)

135 J. P. RIZAL ST. PROJECT 4
QUEZON CITY

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

VICENTE RAFAEL L. ROSALES
Contact Person

8725-7875; 8724-3759
Company Telephone Number

12 **31**
Month *Day*

17-Q
FORM TYPE

07 **2nd Thurs.**
Month *Day*
Annual Meeting

(PC) LISTED SECURITIES
Secondary License Type, If Applicable

CGFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

455
Total No. of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended: **March 31, 2021**

2. SEC Identification No.: **98780**

3. BIR Tax Identification No.: **002-727-393**

4. Exact name of issuer as specified in its charter:

   AbaCore Capital Holdings, Inc. ("Abacore" or "ACHI")

5. Province, country or other jurisdiction of incorporation or organization:
   Philippines

6. Industry Classification Code: __________ (SEC Use Only)

7. Address of principal office: **135 J.P. Rizal St.**
   Project 4, Quezon City

   Postal Code: **1109**

8. Issuer's telephone number, including area code:

   (02) 8724-3759/8725-7875

9. Former name, former address, former fiscal year: **Abacus Consolidated Resources & Holdings, Inc.**

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

Title of Each Class	Number of shares outstanding
Common	3,185,934,029

Amount of Debt Outstanding as of March 31, 2021: ₱129,970,880

11. Are any or all of these securities listed on a Stock Exchange? Yes [x] No [ ]

All outstanding shares are listed on the Philippine Stock Exchange (PSE).

12. Indicate by check mark whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [x] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [x] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

The following are attached hereto as part of this report:

Consolidated Balance Sheets as of March 31, 2021 (unaudited) and December 31, 2020 (audited)

Consolidated Statements of Income for the Quarters ended March 31, 2021 and March 31, 2020 (both unaudited)

Consolidated Statements of Changes in Stockholders' Equity for the Quarters ended March 31, 2021 and March 31, 2020 (both unaudited)

Consolidated Statements of Cash Flows for the Quarters ended March 31, 2021 and March 31, 2020 (both unaudited)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The company posted a gross income of ₱104.07 million or 71 times higher compared to the gross income of P1.44 million for the comparative period last year. This is due mainly to trading gain of ₱103.79 million which comprises nearly 100% of gross income. On the other hand, share in net losses of Pacific Online Systems Corporation (LOTO) during the period was 91% less than during the comparable period last year.

Total operational expenses increased 28% from ₱12.39 million to ₱15.89 million. The bulk of the increase was in taxes and licenses, professional and other services and dues (up 494%, 15% and 19%, respectively) due to the updating of payment of property tax, commission payments to selling agents of Montemaria Asia Pilgrims, Inc. shares and updating of payment of membership fees in the association of investment houses. Other increases were registered in communication and miscellaneous expense (up 20% and 13%, respectively) due to updating of payment of fees for internet connection and expenses for filing of subsidiaries' financial statements. Salaries and wages and utilities expenses decreased (15% and 54%, respectively) due to the reduction of personnel for the Batangas project and temporary closure of Montemaria; management and directors' fees decreased (28%) since there were fewer board meetings during the period. Expenses for office supplies and publications, representation, repair and maintenance and transportation were also down (27%, 9%, 63% and 11%, respectively) due to reduction in marketing activities. As for financial expenses, bank charges decreased 51% due to fewer manager's checks issued.

Basic earnings per share was positive ₱0.0244 for 1Q-2021 versus positive ₱0.0009 for 1Q-2020. Par value is ₱1.00 per share.

Insofar as the assets accounts are concerned, the significant changes are as follows:

a) Cash and cash equivalents decreased 23% due to partial payment of principal on the Philippine Business Bank (PBB) loan and of other liabilities.

b) Prepaid expenses and others decreased 9% due to the reclassification of prepaid interest on loan to expense.

Insofar as liabilities accounts are concerned, the significant changes are as follows:

a) Advances from related parties increased 15% due to the advances from Blue Stock Development Holdings, Inc. (BSDHI).
b) Income tax payable decreased 45%.
c) Current portion of loans payable decreased 8% due to partial payment of PBB loan.

Insofar as equity accounts are concerned, the significant changes are as follows:

a) Shares held by subsidiaries increased 5% due the elimination of market appreciation in the consolidation process.

The company's direct subsidiaries as of end March 2021 are as follows:

Name of Subsidiary	Percentage held by ABACORE	Line of business
Philippine Regional Investment Development Corporation (PRIDE)	100%	financial services
Kapuluan Properties, Inc.	100%	real estate
Vantage Realty Corporation	100%	real estate
Abacus Goldmines Exploration and Development Corporation	99.70%	gold mining
Abacus Coal Exploration and Development Corporation	100%	coal mining
Pacific Online Systems Corp.	4.89%	leasing of gaming equipment

Key Performance Indicators of parent company and major subsidiaries

The company monitors its performance and benchmarks itself to prior years' results in terms of the following indicators:

	ABA[1]	PRIDE[1a]	ABA[1]	PRIDE[1a]
	YTD March 31, 2021		*YTD March 31, 2020*	
Return on assets[2]	0.74%	1.76%	(0.09%)	(1.32%)
Return on equity[3]	0.98%	2.57%	(0.12%)	(1.96%)
Earnings per share[4]	0.0244	27.09	0.0009	(20.26)
	As of March 31, 2021		*As of Dec. 31, 2020*	
Current ratio[5]	0.958 : 1.00	0.765 : 1.00	0.998 : 1.00	0.587 : 1.00
Debt-to-Equity ratio[6]	0.327 : 1.00	0.478 : 1.00	0.325 : 1.00	0.480 : 1.00
Interest coverage ratio[7]	0.03 : 1:00	-0-	(6.74) : 1:00	-0-
Tangible net worth[8]	8,641,800,149	6,594,136,673	8,657,698,071	6,425,642,718

[1]parent and subsidiaries, including PRIDE
[1a]including subsidiaries
[2]net income/average total assets
[3]net income/ stockholder's equity
[4]net income attributable to equity holders of the parent company/weighted average number of shares outstanding
[5]current assets/current liabilities

[6]total liabilities/stockholder's equity
[7]income before interest & tax/interest expense
[8]net worth minus intangible assets

The group's positive return on assets and positive return on equity were due to the net income posted as of end-1Q 2021, as explained above.

The group's consolidated current ratio decreased from 0.998 to 0.958 due to the increase in advances from related parties.

The group's consolidated debt-to-equity ratio increased from 0.325 to 0.327 due mainly to the increase in advances from BSDHI.

Philippine Regional Investment Development Corporation (PRIDE), an investment house subsidiary, and its subsidiaries registered a net income of ₱169.3 million mainly due to the trading gain and increase in the share price of 389.1 million ABA shares from ₱0.64 as of year-end 2020 to ₱1.12 as of end of March 2021.

Montemaria Asia Pilgrims, Inc. (MAPI) is a 52% subsidiary of Omnicor Industrial Estate and Realty Center, Inc. which in turn is a 100% subsidiary of PRIDE. MAPI's accounts have been consolidated with those of ACHI since the third quarter of 2015. MAPI is a membership club that issues proprietary and associate shares. It intends to go into full operation as soon as quarantine rules allow it.

Abacus Global Technovisions, Inc. (AbaGT) is no longer included in the consolidation because the holdings of AbaCore Capital Holdings, Inc. (ACHI) in AbaGT were reduced to 9.64% due to the distribution of AbaGT shares as property dividend to ACHI's stockholders.

Other financial information

1. The company does not have and does not foresee any cash flow or liquidity problems within the next twelve (12) months. The company is not in default or breach of any note, loan, lease, or other indebtedness or financing arrangement requiring it to make payments and does not have any unpaid trade payables.

2. The company is not in default of any obligation or condition thereof. The company is not aware of any event that will trigger material financial obligations on it part.

3. The company has not made any material off-balance sheet transactions, arrangements and/or obligations. Neither did the company create any other relationships with unconsolidated entities or other persons during the reporting period.

4. The company has not made any material commitments for capital expenditures.

5. The company is not aware of any trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on revenues or income from operations.

6. Apart from what is mentioned above, there were no other significant elements of income or loss during the reporting period that did not arise from the company's operations.

7. The revenues of PRIDE are derived from commissions and other fees for financial services. These transactions take place a few times each year, and there are some periods where no transactions are consummated, with the corresponding impact on the financial condition and results of operations of ABACORE. Apart from this, there are no other seasonal or cyclical aspects or factors that may affect the financial condition or results of operations of ABACORE.

8. Government regulations related to the Covid-19 pandemic will continue to require the company to implement social distancing measures and other measures to facilitate detection and contact tracing for guests, testing of employees, etc. These will have an impact both on revenues and on operational costs for as long as the pandemic exists and for a still unknown period after the end of the pandemic. Apart from this and the other factors mentioned above, the company is not aware of any other material events and uncertainties that would make the financial information herein reported not to be necessarily indicative of future operating results or future financial condition.

PART II - OTHER INFORMATION

1. ABACORE expects to continue generating revenues from the sale of proprietary and associate shares of Montemaria Asia Pilgrims, Inc. (MAPI). Total saleable shares consist of 7,500 proprietary shares and 30,000 associate shares. The shares are registered under the Securities Regulation Code. Another revenue source will consist in MAPI's operating revenues from entrance fees and restaurant sales if and when government allows resumption of operations.

2. Disclosures not made under SEC Form 17-C: None.

SIGNATURES

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

ABACORE CAPITAL HOLDINGS, INC.
By:

REGINA O. REYES
President

VICENTE RAFAEL L. ROSALES
Corp. Secretary

RICO G. DE LOS REYES
Comptroller

Date: 10 June 2021

ABACORE CAPITAL HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED MARCH 31 2021	AUDITED DECEMBER 31 2020
ASSETS		
Current Assets		
Cash and cash equivalents	P51,404,151	P66,893,678
Trade and other receivables	394,378,139	389,939,755
Advances to related parties	15,272,273	15,272,273
Prepaid expenses and others	1,948,674	2,138,824
Total current assets	463,003,237	474,244,530
Non-current Assets		
Investment in associates	373,815,283	373,723,632
Investment properties	9,302,707,117	9,302,707,117
Property and equipment, net	585,700,885	582,184,432
Deferred exploration costs and mining rights	799,991,601	799,932,304
Other non-current assets	55,540,409	55,345,446
Deferred tax asset	11,018	11,018
Goodwill	348,831,159	348,831,159
Total non-current assets	11,466,597,472	11,462,735,108
TOTAL ASSETS	P11,929,600,709	P11,936,979,638
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	P243,104,265	P246,209,647
Current portion of loans payable	94,970,880	103,044,600
Advances from related parties	145,116,528	125,988,229
Income tax payable	13,806	24,970
Total current liabilities	483,205,480	475,267,446
Non-current Liabilities		
Loans payable, net of current portion	35,000,000	35,000,000
Deposit for the sale of investment	23,000,000	23,000,000
Deferred income	10,000,000	10,000,000
Advances from joint venture	4,500,000	4,500,000
Deferred tax liability	2,382,450,250	2,382,450,250
Rental deposit payable	187,712	232,712
Total non-current liabilities	2,455,763,922	2,455,182,962
Total Liabilities	2,938,969,402	2,930,450,408
Equity		
Share capital	3,504,678,237	3,504,678,237
Subscription receivable	(37,327,497)	(37,327,497)
Shares held by subsidiaries	(361,343,260)	(345,621,344)
	3,106,007,480	3,121,729,396
Retained earnings	5,728,646,154	5,761,172,948
Other comprehensive loss, net	-	(3,618,965)
	8,834,653,634	8,879,283,379
Treasury shares	(150,790)	(150,790)
Minority Interest	156,128,464	127,396,641
Total Equity	8,990,631,307	9,006,529,230
	P11,929,600,709	P11,936,979,638

ABACORE CAPITAL HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2021	2020
Income		
Share in net earnings of associate	**P91,652**	P1,008,871
Interest income	**19,382**	33,939
Unrealized foreign exchange gain (loss)	**1,785**	158
	112,819	1,042,968
Expenses		
Salaries and wages	**1,421,358**	1,678,496
Employee benefits	**270,780**	280,464
Taxes and licenses	**4,671,343**	786,169
Professional and other services	**3,915,210**	3,408,221
Management and directors' fees	**978,383**	1,356,349
Utilities	**115,084**	248,853
Office supplies and publications	**68,015**	93,718
Depreciation	**23,315**	23,315
Representation	**200,731**	220,093
Repairs and maintenance	**54,883**	147,567
Dues	**383,130**	321,603
Transportation	**175,919**	197,889
Communication	**125,352**	104,149
Miscellaneous	**503,476**	446,935
	12,906,977	9,313,821
Income (Loss) from Operations	**(12,794,159)**	(8,270,853)
Other Income (Loss)		
Trading gain (loss)	**103,791,993**	-
Other income	**167,315**	396,933
	103,959,309	396,933
Finance Costs		
Interest expense	**2,980,526**	3,075,107
Bank charges	**1,753**	2,650
	2,982,279	3,077,757
Income before Tax	**88,182,871**	(10,951,677)
Provision for (Benefit from) Income Tax		
Current	**-**	-
Deferred	**-**	-
	-	-
Net Income	**P88,182,871**	(P10,951,677)
Attributable to:		
Equity holders of the Parent Company	**74,795,177**	2,519,577
Minority interest	**13,387,694**	(13,471,253)
	P88,182,871	(P10,951,677)
Basic Earnings per Share	**P0.0244**	P0.0009

ABACORE CAPITAL HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Three Months Ended March 31	
	2021	2020
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		
Share Capital - P1.00 par		
Authorized 5 billion shares		
Common Shares		
Beginning balance	**3,504,678,237**	3,186,084,834
Subscription receivable	**(37,327,497)**	(37,336,872)
Paid-up Capital	**3,467,350,740**	3,148,747,962
Shares Held by Subsidiaries	**(361,343,260)**	(345,621,344)
	3,106,007,479	2,803,126,618
Retained Earnings		
Balance at beginning of quarter as previously reported	**5,761,172,948**	6,090,812,647
Net Income (Loss)	**74,795,177**	2,519,577
Effect of change in ownership structure	**(107,321,971)**	114,901,443
Balance at end of quarter	**5,728,646,154**	6,208,233,667
Treasury Stock - shares at cost	**(150,790)**	(150,790)
Minority Interest		
Balance at beginning of quarter	127,396,641	114,816,965
Net Income (Loss)	13,387,694	(13,471,253)
Effect of change in ownership structure	15,344,128	(33,623,510)
Balance at end of quarter	156,128,464	67,722,202
	8,990,631,307	9,078,931,696

ABACORE CAPITAL HOLDINGS, INC.
and SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended March 31	
	2021	2020
Cash Flows from Operating Activities		
Net income (loss) before income tax	**88,182,871**	(P10,951,677)
Adjustment for -		
Depreciation	**23,315**	23,315
Share in net earnings of an associate	**(91,652)**	(1,008,871)
Interest income	**(19,382)**	(33,939)
Finance cost	**2,980,526**	3,075,107
Unrealized foreign exchange gain (loss)	**1,785**	158
Operating income (loss) before working capital changes	**91,077,462**	(8,895,907)
Decrease (increase) in -		
Trade and other receivables	**(4,438,384)**	(1,110,722)
Other assets	**(4,813)**	1,839,484
Increase (decrease) in accounts payable		
Accounts payable and accrued expenses	**(3,105,382)**	(2,042,465)
Rental deposit	**(45,000)**	-
Cash provided by (used in) operations	**83,483,884**	(10,209,611)
Interest received	**19,382**	33,939
Interest paid	**(2,980,526)**	(3,075,107)
Income tax paid	**(11,164)**	(4,828)
Net cash provided by (used in) operating activities	**80,511,577**	(13,255,607)
Cash Flows from Investing Activities		
Disposal (acquisition) of shares held by subsidiaries	**(15,721,916)**	(81,277,434)
Net change in investments in associates	**(91,651)**	(1,008,870.61)
Deferred exploration cost	**(59,297)**	(59,297)
Acquisition of property and equipment	**(3,539,767)**	(3,213,553)
Net cash used in investing activities	**(19,412,632)**	(85,559,154)
Cash Flows from Financing Activities		
Changes in advances from related parties	**23,464,874**	(221,541,533)
Collection of subscriptions receivable	**-**	210,927,591
Payment of loan	**(8,073,720)**	-
Net cash provided by financing activities	**15,391,154**	(10,613,942)
Effect of Changes in Foreign Exchange Rates	**(1,785)**	(158)
Net Increase (Decrease) in Cash and Cash Equivalents	**76,488,315**	(109,428,862)
Effect of Change in Ownership Structure	**(91,977,842)**	81,277,933
Cash and Cash Equivalents, beginning	**66,893,678**	88,368,525
Cash and Cash Equivalents, ending	**P51,404,151**	P60,217,596

AbaCore Capital Holdings, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
March 31, 2021

1. Basis of Financial Statement Preparation

The accompanying unaudited consolidated financial statements have been prepared following the same accounting policies and methods as those followed in the preparation of the December 31, 2020 audited consolidated financial statements. These statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.* Accordingly, the unaudited consolidated financial statements do not include all of the information and disclosures required in the December 31, 2020 annual audited consolidated financial statements.

The preparation of the financial statements, in compliance with Philippine Financial Reporting Standards (PFRS), requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited consolidated financial statements include the accounts of AbaCore Capital Holdings, Inc., formerly Abacus Consolidated Resources and Holdings, Inc. (herein referred to as "the Company) and its subsidiaries collectively referred to as "Group."

Montemaria Asia Pilgrims, Inc. (MAPI), became a 52% subsidiary of Omnicor Industrial Estate and Realty Center, Inc., which in turn is 100% subsidiary of PRIDE, and is therefore being consolidated starting third quarter of 2015.

The unaudited consolidated financial statements are presented in Philippine pesos (Php).

2. Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements represent the consolidation of the financial statements of AbaCore Capital Holdings, Inc. (ACHI) and the following subsidiaries:

		Effective Percentage of Controlling Interest	
Name of Subsidiaries	**Principal Activities**	**2021**	2020
Subsidiaries of AbaCore Capital Holdings, Inc.:			
PRIDE	Investment House	**100.00**	100.00
KPI	Real Estate	**100.00**	100.00
VRC	Real Estate	**100.00**	100.00
AbaGold	Gold Mining	**99.70**	99.70
AbaCoal	Coal Mining	**100.00**	100.00

Subsidiaries of PRIDE:			
Tagapo Realty Company, Inc. (TRC)	Real estate	**100.00**	100.00
Omnicor Industrial Estate and Realty Center, Inc. (Omnicor)	Real estate	**100.00**	100.00
Philippine Sinohydro Development Corporation (formerly Countrywide Transcapital Development Holdings, Inc.)	Holdings	**60.10**	60.10
Philippine International Infrastructure Fund, Inc.	Investment company	**100.00**	100.00
Total Mall Philippines, Inc.	Wholesaler/retailer	**100.00**	100.00
Subsidiaries of TRC:			
Ala-eh Knit, Inc.	Real estate	**100.00**	100.00
Assurance Realty Corporation	Real estate	**100.00**	100.00
Countrywide Leverage Holdings Corporation	Holdings	**100.00**	100.00
In-town Wholesale Marketing, Inc.	Wholesaler/retailer	**100.00**	100.00
System Organization, Inc.	Real estate	**100.00**	100.00
Subsidiaries of Omnicor:			
Montemayor Aggregates and Mining Corporation (MAMCor)	Mining and Exploration	**100.00**	100.00
Adroit Realty Corporation	Real estate	**100.00**	100.00
Allegiance Realty Corporation	Real estate	**100.00**	100.00
Asean Publishers, Inc.	Publisher	**100.00**	100.00
Export Affiliates for Service and Trade, Inc.	Importer/exporter	**100.00**	100.00
Fair Field Realty Estate Company, Inc.	Real estate	**100.00**	100.00
Logic Realty Corporation	Real estate	**100.00**	100.00
Sanctuary Transcendental Havens, Inc.	Non-stock corporation	**100.00**	100.00
Three Fold Realty Corporation	Real estate	**100.00**	100.00
Aerosonic Land, Inc.	Real estate	**100.00**	100.00
R+House@Montemaria Association, Inc.	Non-stock corporation	**100.00**	100.00
Montemaria Asia Pilgrims, Inc.	Non-profit Stock corporation (membership club)	**52.00**	52.00
Verde Island Passage (VIP) Marine Sanctuary, Inc.	Non-stock corpotation	**100.00**	100.00
Subsidiaries of MAMCor:			
Asean Traders and Exporters, Inc.	Importer/exporter	**100.00**	100.00
Batangas Stock Development Farms, Inc. (BSDFI)	Real estate	**100.00**	100.00
Channel Minerals & Exploration & Development Corporation	Mining and Exploration	**100.00**	100.00
Fluvion Real Estate Development at Montemaria, Inc.	Real estate	**74.00**	74.00
Subsidiaries of BSDFI:			
Banalo Mining Corporation	Mining	**100.00**	100.00
Calatagan Aquafarms, Inc.	Aqua and fishery	**100.00**	100.00
Him Management and Associates, Inc.	Trading	**100.00**	100.00
Subsidiaries of KPI:			
Aerotropic Land, Inc.	Real Estate	**99.99**	99.99
Barit Resort & International Tour Corporation	Real Estate	**99.99**	99.99
Batangas Beef Business, Inc.	Manufacturing	**99.99**	99.99

Batangas Cement Park, Inc.	Warehousing of Cement, Aggregates, Limestones or their Derivatives	**99.99**	99.99
Candor Realty Corporation (CRC)	Real Estate	**99.99**	99.99
Epulare Properties, Inc.	Real Estate	**99.99**	99.99
Focus Real Estate Corporation	Real Estate	**99.99**	99.99
GMTM Management Company, Inc.	Management Company	**99.99**	99.99
Hedge Tropical Farmlands, Inc.	Real Estate	**99.99**	99.99
Hewdon Land, Inc.	Real Estate	**99.99**	99.99
Hillside Orchards & Parks, Inc.	Agriculture	**99.99**	99.99
JAP Aggregates Network, Inc.	Cement Production	**99.99**	99.99
Pasture View Real Properties, Inc.	Real Estate	**99.99**	99.99
Quilib Cattle Corporation	Real Estate	**99.99**	99.99
Quilib Pasture Estates, Inc.	Real Estate	**99.99**	99.99
Quilib Quality Farms, Inc. (QQFI)	Agriculture	**99.99**	99.99
San Isidro Catholic Memorial Park and Development Corporation	Real Estate	**99.99**	99.99
Vinterra Realty Corporation	Real Estate	**99.99**	99.99
Subsidiaries of VRC:			
Omnilines Maritime Network, Inc.	Maritime Commerce	**99.99**	99.99
Hedge Inter Market Technologist, Inc.	Games Technology	**99.99**	99.99
D r M Development Corp.	Trading	**99.99**	99.99
Friendship Management Corporation	Management of Real Property	**99.99**	99.99
Haves Insurance Management and Liability Agency, Inc. (Haves)	Insurance Agent	**99.99**	99.99
All Lemery Assets Enterprises Holdings, Inc.	Real Estate	**99.99**	99.99
Far Pacific Manufacturing Corp.	Manufacturing	**99.99**	99.99
Munera Real Estate Company, Inc.	Real Estate	**99.99**	99.99
Certain Corporation	Construction	**99.99**	99.99
Manivest Development Corp.	Real Estate	**99.99**	99.99

Changes in Accounting Policies and Disclosures

Effective beginning on or after January 1, 2020

- **Amendments to PFRS 3, Definition of a Business**

  The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant’s ability to replace missing elements, and narrow the definition outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is induced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

  These amendments currently have no impact on the Group’s consolidated financial statements.

- **Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material**

  The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

  An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

- **Amendments to PFRS 16, *Covid-19-Related Rent Concessions***

  Lessees (but not lessors) are provided with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19, and that meets certain conditions, is a lease modification. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

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

  a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  b. any reduction in lease payments affects only payments due on or before June 30, 2021; and
  c. there is no substantive change to other terms and conditions of the lease.

  If a lessee chooses to apply the practical expedient to a lease, it must apply the practical expedient consistently to all lease contracts with similar characteristics and in similar circumstances, as required by paragraph 2 of PFRS 16.

  The amendment is to be applied retrospectively in accordance with PAS 8. However, lessees are not required to restate prior period amounts, and they are not required to disclose the information required by paragraph 28(f) of PAS 8 in the period of adoption.

  The adoption of these amendments has no significant impact on the Group's consolidated financial statements since there is no change in the lease payments during the year.

Standards effective after December 31, 2020

The Group will adopt the following new pronouncements when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new pronouncements to have a significant impact on the consolidated financial statements.

- **Annual improvements to PFRS Standards 2018-2020 Cycle**

  - *Amendments to PFRS 1, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that applies PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

- *Amendments to PFRS 9, Fees in the '10 percent' test for derecognition of financial liabilities*

  The amendment clarifies which fees an entity includes when it applies the '10 percent' test of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- *Amendments to PFRS 16, Lease incentives*

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

- *Amendments to PAS 41, Taxation in fair value measurements*

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

The amendments to PFRS 1, PFRS 9 and PAS 41 are all effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The amendment to PFRS 16 only regards an illustrative example, so no effective date is stated.

The Group is still evaluating the impact of these new amendments.

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

  The changes in the standard are as follows:

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

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

  The Group is still evaluating the impact of these new amendments.

- **Amendments to PAS 16,** ***Property, Plant and Equipment - Proceeds before intended use***

  The standard is amended to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

  The amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

  The Group is still evaluating the impact of these new amendments.

- **Amendments to PAS 37,** ***Onerous Contracts - Cost of fulfilling a contract***

  The changes in Onerous Contracts - Cost of Fulfilling a Contract (Amendments to PAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

  Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

  The Group is still evaluating the impact of these new amendments.

- **PFRS 17,** ***Insurance Contracts***

  PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of the consolidated financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

  The key principles in PFRS 17 are that an entity:

  a. identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;

b. separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
c. divides the contracts into groups that it will recognize and measure;
d. recognizes and measures groups of insurance contracts at:
    i. a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); or
    ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
e. recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
f. presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
g. discloses information to enable users of the consolidated financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

PFRS 17 includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts.

The standard is effective for periods beginning on or after January 1, 2023. Earlier application is permitted.

The amendments are not applicable to the Group since it has no activities that are predominantly connected with insurance or issue insurance contracts.

- **Amendments to PFRS 17, *Insurance Contracts***

  The main changes resulting from Amendments to PFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to PFRS 4) issued on June 25, 2020 are:

  - Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2023 and change the fixed expiry date for the temporary exemption in PFRS 4, *Insurance Contracts* from applying PFRS 9, *Financial Instruments* so that entities would be required to apply PFRS 9 for annual periods beginning on or after January 1, 2023.
  - Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
  - Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
  - Clarification of the application of PFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level.

- Clarification of the application of contractual service margin attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
- Several small amendments regarding minor application issues.

An entity shall apply PFRS 17 for annual reporting periods beginning on or after January 1, 2023. If an entity applies PFRS 17 earlier, it shall disclose that fact. Early application is permitted for entities that apply PFRS 9, *Financial Instruments* on or before the date of initial application of PFRS 17.

The Group is still evaluating the impact of these new amendments.

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

  The amendment provides a more general approach to the classification of liabilities under PAS 1, *Presentation of Financial Statements* based on the contractual arrangements in place at the reporting date. The amendments currently have an effective date of January 1, 2022.

  In April 2020, the International Accounting Standards Board (IASB) held a supplementary IASB meeting to consider COVID-19-related matters including the Board's timelines in view of the COVID-19 pandemic. The Board tentatively decided to delay by one year the effective date of the amendments to annual reporting periods beginning on or after January 1, 2023.

  There are no changes in the original amendments other than the deferral of the effective date.

  The Group is still evaluating the impact of these new amendments.

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**

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, Business

Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of the above amendments and to be adopted when effective and applicable.

<u>Financial Instruments</u>

Initial recognition and measurement

A financial asset or a financial liability is recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.
At initial recognition, the Group measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through OCI and FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case, all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Subsequent measurement

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

i. Financial assets at amortized cost (debt instruments)
ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
iv. Financial assets at FVPL

Financial assets at amortized cost (debt instruments)

The Group measures a financial asset at amortized cost if both of the following conditions are met:

i. It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
ii. Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost as at March 31, 2021 and December 31, 2020 include cash, receivables and advances to related parties.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

i. The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have financial assets at fair value through OCI (debt instruments) as at March 31, 2021 and December 31, 2020.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading.

The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group does not have financial assets at fair value through OCI (equity instruments) as at March 31, 2021 and December 31, 2020.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at FVPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss. Dividends on listed equity investments are also recognized as other income in profit or loss when the right of payment has been established.

The Group does not have financial assets at FVPL as at March 31, 2021 and December 31, 2020.

Impairment of financial assets

The Group recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). 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: (a) 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); and (b) 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).

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the financial reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information which includes the following:

i. Internal/external credit rating;
ii. Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
iii. Actual or expected significant changes in the operating results of the debtor;
iv. Significant increases in credit risk on other financial instruments of the same debtor; and
v. Significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor and changes in the operating results of the debtor.

Financial assets are written off when there is no reasonable expectation of recovery. The Group categorizes a loan or receivable for write off when a debtor fails to make payments or when it is probable that the receivable will not be collected. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Financial liabilities

Financial liabilities are classified as (a) financial liabilities at FVPL (including financial liabilities held for trading and those that are designated at fair value), and (b) other financial liabilities measured at amortized cost.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Gains and losses arising from changes in the fair value of financial liabilities classified as held for trading are included in profit or loss.

Other financial liabilities pertain to issued financial instruments that are not classified or designated at FVPL and contain contractual obligations to deliver cash or other financial assets to the holder or to settle the obligation other than the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Group's financial liabilities include accounts payable and accrued expenses (excluding government liabilities), rental deposit payable, loans payable and advances from related parties.

Classification of financial instruments between debt and equity

Financial instruments are classified as debt or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as income or expense in profit or loss.

Derecognition of financial instruments

Financial asset

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

- the rights to receive cash flows from the asset have expired;
- the Group 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 Group 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial liability

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Determination of fair value

The fair value of financial instruments traded in active markets is based on their quoted market price or dealer price quotation (bid price for long positions and ask price for short positions). When the current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

If the financial instruments are not listed in an active market, the fair value is determined using appropriate valuation techniques which include recent arm’s length market transactions, net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models.

Fair value hierarchy

All assets and liabilities for which the fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole. Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosure of fair value is not required when the carrying amount is a reasonable approximation of fair value.

Prepayments

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

Investments in associates

An associate is an entity over which the Group has significant influence but not control and which is neither a subsidiary nor a joint venture.

Investment in an associate is accounted for by the equity method of accounting. Under this method, the investment is initially recognized at cost and adjusted thereafter by post-acquisition changes in the Group's share in the net assets of the associate and any impairment losses. The Group's share of its associate's post-acquisition profits or losses is recognized in profit or loss. Share in post-acquisition change in the associate's net assets not recognized in profit or loss is directly recognized in the Group's equity. Dividends received from the associates are deducted from the carrying amount of the investment.

The Group discontinues applying the equity method when their investments in associates are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations to the associate. When the associate subsequently reports net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The carrying value of the investment in an associate is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The reporting date of the associate and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Investment property

Initially, investment property is measured at cost including transaction costs. The cost of investment property comprises its purchase price and any directly attributable expenditure.

Subsequent to initial recognition, investment property is stated at fair value, which reflects the market conditions at the financial reporting date. Any gain or loss resulting from change in the fair value is immediately recognized in profit or loss in the year in which it arises.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
(b) commencement of development with a view to sale, for a transfer from investment property to inventories;
(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or a commencement of an operating lease to another party, for a transfer from inventories to investment property.

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

Property and equipment

The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment has been put into operation, such as repairs and maintenance, are recognized in profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard performance, the expenditures are capitalized as an additional cost of property and equipment.

At the end of each financial reporting period, items of property and equipment, except for land, are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Building and improvements	5-50 years
Images	5-50 years
Welcome arch	15 years
Dive camp and stairway	10 years
Road and improvements	5-10 years
Machinery and other equipment	3-5 years

An asset is depreciated when it is available for use until it is derecognized even if during that period the item is idle. Fully-depreciated assets still in use are retained in the consolidated financial statements.

The estimated useful lives and depreciation method are reviewed when an indication that the expected pattern of consumption of economic benefits associated with an item of property and equipment has significantly changed. When an expectation differs, the useful lives and depreciation method are changed to reflect the new pattern of consumption. This change is accounted for as a change in accounting estimate.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than the estimated recoverable amount.

When an item of property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss arising from the disposal, computed as the difference between the sales proceeds and the carrying amount of the asset, or retirement of an asset is recognized in profit or loss.

Construction-in-progress is stated at cost. This includes cost of construction and other direct costs. Borrowing costs that are attributable to the construction of property and equipment are capitalized during the construction period. Construction-in-progress is not depreciated until such time as the relevant assets are completed and put into operational use. Assets under construction are transferred to the investment property account or reclassified to a specific category of property and equipment when the construction and other related activities necessary to prepare the properties for their intended use are completed and the properties are available for service.

Deferred exploration costs and mining rights

The Group's current treatment of Exploration and Evaluation (E&E) costs is to defer all costs incurred on the basis of the viability of the mining project. Under PFRS 6, firms are allowed to continue with its current treatment of deferring E&E costs as long as these are consistent and reliable. Deferral is allowed whenever permit to explore is valid and (1) significant exploration is in progress, or (2) exploration cost is expected to be recovered through eventual extraction or sale of mining right.

The recognition of these costs as mining assets or as a component thereof entails subsequent depreciation upon the start of mining operations. The periodic charge against income is derived using the units-of-production method which is based on the mineral resource and reserves.

Deferred exploration costs are stated at cost less impairment losses, and include deferred exploration costs and other expenses incurred prior to the start of commercial operations, net of incidental income.

Deferred exploration costs are accumulated separately for each area of interest. These include acquisition costs, direct exploration and development costs and an appropriate portion of related overhead expenditures, and exclude general overhead or administrative expenditures not specifically identified with exploration activities.

Deferred exploration costs are carried in the books only if the costs related to an area of interest for which the rights of tenure are current and such are expected to be recouped through successful development and exploration or from sale of the area or E&E activities in the area as of financial reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing. Exploration costs, which do not satisfy the above criteria, are recognized in profit or loss.

Revenues earned in connection with the exploration activities in an area of interest prior to the start of commercial operations are offset against the expenditures of such are of interest.

The carrying value of each producing area of interest is reviewed regularly and, to the extent to which this amount exceeds its recoverable amount (based on the higher of the net present value of estimated future net cash flows and current realizable value), an allowance for impairment will be provided in the year in which it is determined.

When further development expenditures are incurred on producing area of interest, such expenditures are capitalized as part of the costs of such area of interest only when substantial economic benefits are thereby established; otherwise, such expenditures are charged to cost of production.

Intangible asset

An intangible asset is defined as an identifiable non-monetary asset without physical substance. There is no requirement that the asset be held for a particular purpose. Examples of E&E assets that may be classified as intangible include acquired rights to explore; drilling rights; costs of conducting topographical, geochemical and geophysical studies; exploratory drilling costs; trenching costs; sampling costs and costs of activities in relation to evaluating technical feasibility and commercial viability of extracting a mineral resource.

Measurement after recognition

After recognition, the Group applied the cost model to E&E assets. Intangible E&E assets with an indefinite useful life are not amortized. However, due to the nature of the assets, it will be extremely rare for an intangible E&E asset to be assessed as having an indefinite useful life. Depreciation or amortization of an intangible asset commences only when the asset is available for use. Certain identifiable E&E assets (e.g., an exploratory license, a vehicle or a drilling rig) may be available for use immediately. Other E&E assets may not be available for use until a later date, that is, when development of the mineral resource commences.

It is management's view that the units-of-production method for intangible E&E assets will be used to amortize the intangible assets.

Impairment of non-financial assets

An assessment is made at each financial reporting date if there is any indication of impairment of any asset, or if there is any indication that an impairment loss previously recognized for an asset may no longer exist or may have decreased. If any such indication exists, the asset’s recoverable amount is estimated. An asset’s recoverable amount is calculated at the higher of the asset’s value in use and its net selling price.

Among others, the factors that the Group considers important which could trigger an impairment review include the following:

- significant or prolonged decline in fair value of the asset;

- market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

If any such indication exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction. 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.

Whenever the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and an impairment loss is recognized in profit or loss in the period in which it arises. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in profit or loss. After such reversal, the depreciation or amortization expense is adjusted in future periods to allocate the asset's revised carrying amount on a systematic basis over its remaining life.

Other non-current assets

Other non-current assets include security deposit and input Value-Added Tax (VAT) of MAPIand are recognized at their nominal values. Other non-current assets are recognized when the Group expects to receive future economic benefit from it and the amount can be reliably measured.

Accrued expenses and other payables

Accrued expenses are liabilities for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the suppliers, including amounts due to employees. It is necessary to estimate the amount or timing of accruals; however, the uncertainty is generally much less than for provisions.

Other payables are recognized in the period in which the related money, goods or services are received or when a legally enforced claim against the Group is established. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Borrowings and borrowing costs

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility be drawn down, the fee is capitalized as prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowing costs include interest expense and other costs incurred in connection with the borrowing of funds. Borrowing costs not qualified for capitalization are expensed as incurred.

Deposit for sale of investment

Deposit for sale of investment is carried at face amount. This is treated as deposit until certain condition of the agreement is met.

Equity

Share capital is determined using the par value of shares that have been issued.Incremental costs incurred directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax.

Subscriptions receivable includes the amounts still to be collected from the shareholders before the shares are issued. Subscriptions receivable is presented as deduction from related subscribed share capital. However, if the subscriptions receivable is collectible within one year, it shall be presented as part of current assets.

Retained earnings include all current and prior period results of operations as disclosed in the consolidated statements of comprehensive income and consolidated statements of changes in equity.

Shares held by subsidiaries are recognized at cost. These are shares of the Parent Company that are owned by its subsidiaries.

Treasury shares are recognized at cost.

Revenue recognition

Upon adoption of PFRS 15, revenue from contracts with customers is recognized when control of the goods or services is 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.
Revenue is recognized when the Parent Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

In addition, the following specific recognition criteria must also be met before any revenue is recognized:

Interest income

Interest income earned on bank deposits, which is presented net of taxes withheld by banks, is recognized as the interest accrues on a time proportion basis taking into account the effective yield on the asset or EIR.

Share in net earnings and losses of associates

The proportionate share in net earnings and losses of the associates is recognized in accordance with the equity method as soon as the basis for the share becomes available.

Rental income

Rental income is recognized from leasing investment property to a third party under an operating lease on agreed terms. Income is recognized on a straight-line basis over the lease term. Any income received in advance is credited to unearned income.

Other income

Other income is recognized at the point in time when there is an incidental economic benefit, other than from the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be reliably measured.

Cost and expense recognition

The consolidated financial statements are prepared on accrual basis of accounting. Under this basis, costs and expenses are recognized when incurred and are reported in the consolidated financial statements in the periods to which they relate.

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

Employee benefits

Short-term benefits

The Group recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses, non-monetary benefits and other short-term benefits.

Retirement benefits

The Group does not have a retirement plan. It is exempted from the coverage of the provisions of Republic Act (RA) No. 7641, *Retirement Pay Law* based on the number of staff employed by the Parent Company and each subsidiary, which is less than 10 regular employees and the related years of credited service.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under PFRS 16, a lease exists where the contract grants the right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of an identified asset for a period of time is conveyed when, the customer has both of the following throughout the period of use:

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

In identifying the leases, lease and some non-lease components shall be accounted separately under applicable standards.

<u>The Group as lessee</u>

For lessees, PFRS 16 removes the classification of leases as either operating or financing and requires that all leases be recognized on the consolidated statement of financial position, with certain exemptions allowed by this new standard:

- Short-term leases (twelve months or less); and
- Leases where the underlying asset, in a new condition, is of low value

The Group does not recognize right-of-use asset and lease liability considering that its term on lease agreement is not more than twelve months and the underlying asset is of low-value.

<u>The Group as lessor</u>

Operating lease payments received by the Group are recognized as an income in profit or loss on a straight-line basis over the lease term.

Provisions and contingencies

Provisions are recognized when (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is charged against profit or loss, net of any reimbursement. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized in the Group's consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the Group's consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Foreign exchange transactions and translation

Transactions in foreign currencies are recorded in Philippine Peso based on the exchange rates prevailing at the date when the transaction took place. Foreign currency-denominated assets and liabilities of the Group are translated using the prevailing exchange rate as of the financial reporting date. Gains or losses arising from these transactions and translations are credited or charged to income.

Income taxes

Provision for income tax represents the sum of the current and deferred taxes.

Current tax

Current tax assets and current tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, determined at the end of every quarter, subject to adjustments at the end of the period when a final adjustment return is filed and the corresponding annual income tax is computed and determined to be recovered or paid.

The tax currently payable is based on taxable income for the period. Taxable income differs from net income (loss) as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated on the basis of the tax rates and tax laws enacted or substantively enacted at the financial reporting date.

Deferred tax

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

Deferred tax is determined using tax rates and tax laws that have been enacted or substantively enacted at the financial reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences while deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that sufficient taxable income will be available in future periods against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of all or part of the deferred tax assets to be utilized.

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

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in OCI or directly in equity account), in which case, the tax is also recognized outside profit or loss.

Segment reporting

The operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Basic earnings per share (EPS)

Basic EPS is calculated by dividing the net income (loss) for the period by the weighted average number of shares outstanding during the period.

Book value per share (BVPS)

BVPS is calculated by dividing the equity attributable to equity holders of the Parent Company as of year-end by the weighted average number of common shares outstanding during the year.

Related parties

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual.

Related parties may be individuals or corporate entities. The key management personnel of the Group are also considered to be related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Events after the financial reporting date

Post year-end events up to the date the consolidated financial statements are authorized for issue by the BOD that provide additional information about theGroup's position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the accompanying consolidated financial statements in accordance with PFRSs requires the Group's management to make judgments and estimates that affect the application of accounting policies, reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimate is recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

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

(a) *Determining functional currency*

Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency has been determined to be the Philippine Peso.

The Group considers the following factors in determining its functional currency:

(i) the currency that mainly influences its sale of services and the cost of providing the same;
*(ii)*the currency in which the funds from financing activities are generated; and
(iii) the currency in which the receipts from operating activities are usually retained.

(b) *Classifying financial instruments*

The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and guidelines set by PAS 32 on the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, generally governs its classification in the consolidated statement of financial position.

(c) Significant increase of credit risk

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

(d) Determining the lease term

Judgment was exercised by management to distinguish the agreement as either an operating or a finance lease by looking at the transfer or retention of significant risks and rewards of ownership of the property covered by the agreement.

The Group has entered into lease agreements both as a lessor and as a lessee. As a lessor, the Group has retained all the significant risks and rewards of ownership of the leased property, and thus it accounted for the lease agreements as operating leases.

Under PFRS 16, as a lessee, the Group determines whether there is a need to recognize right-of-use asset and lease liability on the consolidated statement of financial position. Judgment is used in determining whether the lease terms will not go beyond twelve months and if it contains underlying assets of low value. In making such judgment, the Group evaluates the terms and conditions of the lease arrangement.

(e) Distinguishing between provisions and contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. In evaluating provisions and contingencies, the Group takes into consideration it’s present, legal or constructive obligations, if any, in accordance with its policies, management’s assessments and its legal counsel.

As of March 31, 2021 and December 31, 2020, the Group has determined that no contingencies will materially affect the Group’s consolidated financial statements, hence no provisions are recognized

Estimates and assumptions

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

(a) Estimating loss allowance for ECL

The Group measures ECL of a financial instrument in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and information about past events, current conditions and forecasts of future economic conditions. When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

In addition to specific allowance against individually significant loans and receivables, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This level of allowance is based on the status of the accounts receivable, past collection experience and other factors that may affect collectibility.

There is no allowance for impairment recognized on the Group's financial assets as at March 31, 2021 and December 31, 2020. No impairment loss was recognized in March 31, 2021 and December 31, 2020.

(b) Estimating useful lives of property and equipment

The Group estimates the useful lives of property and equipment based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear, and technological obsolescence on the use of these assets. In addition, the estimate of the useful lives of property and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment would decrease the total assets and increase recorded expenses.

The net carrying value of property and equipment amounted to P585,700,885 and P582,184,432 as at March 31, 2021 and December 31, 2020, respectively. Accumulated depreciation amounted to P85,317,790 and P85,294,476 as at March 31, 2021 and December 31, 2020, respectively. There is no change in the estimated useful lives of these assets in March 31, 2021 and December 31, 2020.

(c) Determining the fair value of investment property

The Group's investment property is valued by an independent appraiser to reflect its market conditions at financial reporting date. The value of the land is estimated by using the sales comparison approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Listings and offerings may also be considered. Factors considered in the appraisal include the market reactions between buyers and sellers, location, desirability, neighborhood, utility, size and the time element involved. Investment properties amounted to P9,302,707,117 as at March 31, 2021 and December 31, 2020.

(d) Determining impairment of non-financial assets

PFRSs require that an impairment review be performed when certain impairment indicators are present. Determining the fair value of non-financial assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, necessitates the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that a non-financial asset is impaired.

The preparation of the estimated future cash flows involves significant judgments and estimates. Though management believes that the assumptions used in estimating the fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the financial position and results of operations of the Group.

Deferred exploration costs and mining rights

The application of the Group's accounting policy for E&E expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or when activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a reserve is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of E&E expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Goodwill and intangible assets

Goodwill acquired in business combination is initially measured at cost as the excess of cost of a business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The Group reviews its goodwill for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill, which is the excess of the Group's interest in the net fair value of acquired identifiable assets, liabilities and contingent liabilities over cost, is charged directly to income.

Transfers of assets between commonly controlled entities are accounted for under historical cost accounting.

No impairment loss was recognized by the Group on its non-financial assets in March 31, 2021 and December 31, 2020.

(e) Recognizing deferred tax asset

Management reviews the carrying amount of deferred tax asset at each financial reporting date and reduces the same to the extent that it is no longer probable that sufficient taxable income will be available in future periods to allow the benefit of all or part of the deferred tax asset to be utilized. Management believes that there is no assurance that sufficient future taxable income will be generated to allow the benefit of all or part of the deferred tax asset to be utilized, thus, the Parent Company did not recognize deferred tax asset on certain temporary differences identified.

(f) Determining provision for income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax laws.

3. Cash and Cash Equivalents

	Mar. 2021	Dec. 2020
Cash on hand	**P87,500**	P87,500
Cash in bank		
Peso deposits	**51,145,804**	66,637,133
Foreign-currency denominated deposits		
-in foreign currency	**US$3,520**	US$3,520
-equivalent in Philippine peso	**P170,847**	P169,045
Total cash in bank	**P51,316,651**	P66,806,178
Total cash and cash equivalents	**P51,404,151**	P66,893,678

The US dollar-denominated cash in bank was translated at P48.53 and P48.023 to $1 at March 31, 2021 and December 31, 2020, respectively.

Cash in banks earns interest based on the banks' daily average deposit rates.

4. Trade and Other Receivables

	Mar. 2021	Dec. 2020
Advances to officers and employees	**793,357**	P593,627
Other receivables	**393,584,782**	389,346,128
	P394,378,139	P389,939,755

5. Investments in Associates

These pertain to the investments in Pacific Online Systems Corporation (POSC), Abacus Global Technovisions, Inc. (AbaGT) and Pride Star Development Bank, Inc. (PSDBI – formerly Rural Bank of Batangas, Inc.), which are accounted for using the equity method. The details of the Group's ownership in these entities are as follows:

		Percentage of Ownership			
		Mar. 2021		Dec. 2020	
	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
POSC	Gaming	**4.89%**	**-**	4.89%	**-**
AbaGT	Resort/Hotel	**9.64%**	**-**	9.64%	**-**
PSDBI	Banking	**-**	**40.00%**	**-**	40.00%

Account balance:

	Mar. 2021	Dec. 2020
POSC, listed in the PSE	**P255,691,995**	P256,316,010
AbaGT, not listed	**24,815,182**	24,815,1825
PSBI, not listed	**93,308,106**	92,592,440
	P373,815,283	P373,723,632

6. Related Party Transactions

Advances to related parties

	Nature of Relationship	**Mar. 2021**	Dec. 2020
Arras Project Elements	Common directorship	**P10,273,500**	P10,273,500
Geyser, Inc.	Common directorship	**4,998,773**	4,998,773
		P15,272,273	P15,272,273

Advances from related parties

	Nature of Relationship	Mar. 2021	Dec. 2020
HIMGI	Common directorship	**P69,760,659**	P69,760,659
BSDHI	Common directorship	**54,895,793**	35,767,493
AbaGT	Common directorship	**18,113,388**	18,113,388
Asean Commodity	Common directorship	**2,094,000**	2,094,000
Batangas Harbor Ind'l. Estate	Common directorship	**252,689**	252,689
		P145,116,528	P125,988,229

7. Accounts Payable and Accrued Expenses

	Mar. 2021	Dec. 2020
Trade	**P51,675,546**	P55,668,893
Accruals	**37,584,907**	34,993,328
Others	**153,843,812**	151,036,127
	P243,104,265	P246,209,647

8. Loans Payable

	Mar. 2021	Dec. 2020
ACHI Loan:		
Philippine Business Bank	**P94,970,880**	P103,044,600
Luzon Development Bank	**35,000,000**	35,000,000
TOTAL LOAN	**129,970,880**	P138,044,600
Less: Current portion	**94,970,880**	103,044,600
Non-current portion	**P35,000,000**	P35,000,000

ACHI Loan

Details of the ₱94,970,880 loans are as follows:

Principal loan	Date granted	Maturity date
10.629 million	March 16, 2021	September 10, 2021
8.529 million	March 16, 2021	September 10, 2021
8.857 million	March 16, 2021	September 10, 2021
9.153 million	February 16, 2021	November 12, 2021
6.561 million	February 17, 2021	August 16, 2021
8.266 million	February 19, 2021	August 18, 2021
6.791 million	March 15, 2021	September 10, 2021
9.185 million	March 05, 2021	September 01, 2021
13.122 million	March 05, 2021	September 01, 2021
13.876 million	March 05, 2021	September 01, 2021

Above loans bear an average interest rate of 8.25% per annum.

The loan is secured by 36,535,930 shares of stock of POSC owned by the company with market value of ₱ 74,533,297 as of March 31, 2021 and real estate mortgage over a 174,058 square meter property located in Brgy. Matoco, Batangas City with a market value of ₱ 439.7 million and a continuing suretyship executed by an officer. Interest payments on the loan amounted to ₱ 2,077,182.96 and ₱ 9,758,273 in March 31, 2021 and December 31, 2020, respectively. The loans which mature on one year term loan will be extended for ninety (90) days and made a 10% partial payment of the principal loan as required by the bank.

The one year term loan in Luzon Development Bank was obtained and granted on September 28, 2018 bearing an interest of 8% per annum and it was matured on September 23, 2019. The company made a partial payment in the amount of Ten Million Pesos (₱10,000,000) dated October 23, 2019. The loan was extended and will now mature on November 22, 2019. On January 21, 2020, the loan was renewed bearing an interest of 11% per annum and it was mature on January 15, 2021. On December 29, 2020, ABA made a partial payment of ₱5 million and renewed on February 15, 2021 with 11% interest bearing per annum and it was mature on February 15, 2024. The loan is secured by real estate mortgage over a 2,596 square meters of two (2) adjoining commercial lots and building located at Sambat Ibaba, Batangas City with a market value of ₱ 104.64 million. Interest payment on the loan amounted to ₱903,343 and ₱4,033,333 in March 31, 2021 and December 31, 2020, respectively.

Details of the loan are as follows:

		March 2021
Current	₱	**94,970,880**
Non- current		**35,000,000**
	₱	**129,970,880**

9. Aging of Accounts Receivable as of March 31, 2021

	TOTAL	1-3 Mos.	4-6 Mos.	7 Mos. to 1 Year	Past due accounts & items in Litigation
Type of Accounts Receivable					
A) Related Party Transactions					
Arras Project Elements	10,273,500			10,273,500	
Geyser, Inc.	4,998,773			4,998,773	
Hedge Integrated Mgt. Group, Inc.					
Net Related Party Transactions	**P15,272,273**			**P15,272,273**	
B) Trade and other Receivables					
Advances to officers & employees	793,357		793,357		
Others	393,584,782	4,438,384	189,971,729	199,174,669	
Total	**P394,378,139**	**P4,438,384**	**P190,765,086**	**P199,174,669**	
Less: Allowance for Doubtful Accounts					
Net Non-trade receivables					

Net Receivables	**P409,650,412**

Accounts Receivable Description

Type of Receivable	Nature /Description	Collection period
a) Related party transactions	This represents non-interest bearing cash advances made to affiliates for working capital requirements	3 to 5 years
b) Non-trade receivables	This represents interest bearing cash advances made to affiliates for working capital requirements and non-interest bearing advances made to employees.	1 year

10. Financial Risk Management

The Group is exposed to variety of financial risks, which result from its operating, financing and investing activities. The Group's principal financial instruments comprise of cash and cash equivalents, loans receivable, deposit liabilities, loans and bills payable and advances to and from related parties. The main purpose of these financial instruments is to earn income and raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and accounts payables and accrued expenses, which arise directly from operations.

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

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group is mainly exposed to credit risk through its trade and other receivables and loans receivable. The Group, from time to time, grants advances to related parties. However, it monitors the balances of advances and collects them promptly.

The details of the Group's maximum exposure to credit risk as of March 31, 2021 and December 31, 2020 are as follows:

	Mar. 2021	Dec. 2020
Trade and other receivables	**P394,378,139**	P389,939,755
	P394,378,139	P389,939,755

The details of the Group's aging analysis of financial assets as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021	Total	Neither past due nor impaired	Past due but not impaired ≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years	< 3 years but not impaired	Impaired
Trade and other receivables	P394,378,139	P394,378,139	-	-	-	-	-	-	-

December 31, 2020	Total	Neither past due nor impaired	Past due but not impaired ≤ 30 days	31 – 90 days	91 – 180 days	181 – 360 days	1 – 3 years	< 3 years but not impaired	Impaired
Trade and other receivables	389,939,755	389,939,755	-	-	-	-	-		

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to long-term debt obligations. So far, the Group's policy is to obtain fixed-rate bank obligations, with the corresponding fair value interest rate risk. The details of the Group's financial instruments that are exposed to interest rate risk are given in Note 11 and in the table below (under "liquidity risk").

Liquidity Risk

Liquidity risk refers to the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group is mainly exposed to liquidity risk through its maturing liabilities. The Group has a policy of regularly monitoring its cash position to ensure that maturing liabilities will be adequately met.

The details of the Group's maturity analysis as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021	Total	Maturing in: On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 Years
Accounts payable and accrued expenses	**P243,104,265**	**P243,104,265**	P-	P-	P-	P-
Loans payable	**129,970,880**	**129,970,880**	-	-	-	-
	P373,075,145	**P373,075,145**	**P-**	**P-**	**P-**	**P-**

December 31, 2020	Total	Maturing in: On demand	Less than 3 months	3 - 12 months	1 to 5 years	More than 5 Years
Accounts payable and accrued expenses	P246,209,647	P246,209,647	P-	P-	P-	P-
Loans payable	138,044,600	138,044,600	-	-	-	-
	P384,254,247	P384,254,247	**P-**	P-	P-	**P-**

Capital Risk Management

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and that it maintains a strong credit rating and healthy capital ratios to support its business and maximize shareholder value.

The Parent Company's BOD and management have overall responsibility for monitoring of capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the Group's external environment and the risks underlying the Group's business operations and industry.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses, loans payable, rental deposit payable, bills payable, income tax payable, advances from related parties and deferred tax liability. The Group reports its total equity as the capital it manages. This comprises all components of equity including share capital, retained earnings and minority interest. The Group's equity amounts to ₱8,990,631,307 and ₱9,006,529,230 as of March 31, 2021 and December 31, 2020, respectively.

There are no changes in the Group's approach to capital management during the year.

The group is not subject to statutory capital requirement except for PRIDE and PIIFI which are subject to minimum capital requirements. PRIDE is in compliance with the statutory minimum capital requirement of ₱ 300 million set by the Investment House Law. PIIFI also meets the minimum capital requirement of ₱ 50 million set by the Investment Company Act.

11. Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of the Company's financial assets and liabilities as of March 31, 2021 and December 31, 2020:

	March 31, 2021		December 2020	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial Assets				
Cash and cash equivalents	**P51,404,151**	**P51,404,151**	P66,893,678	P66,893,678
Trade and other receivables	**394,378,139**	**394,378,139**	389,939,755	389,939,755
	P445,782,290	**P445,782,290**	P456,833,433	P456,833,433

	March 31, 2021		December 2020	
	Carrying value	**Fair value**	Carrying value	Fair value
Financial Liabilities				
Accounts payable and accrued expenses	**P243,104,265**	**P243,104,265**	P246,209,647	P246,209,647
Loans payable	**129,970,880**	**129,970,880**	138,044,600	138,044,600
	P373,075,145	**P373,075,145**	P384,254,247	P384,254,247

Classification of financial instruments in the fair value hierarchy

The carrying amounts of the cash and cash equivalents, trade and other receivables, loan payable, accounts payable and accrued expenses and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

12. Segment Information

Business Segments

For management purposes, the Group is organized into four business segments – holding company, real estate business and financial services. These are also the basis of the Group in reporting its primary segment information.

The holding company segments primary engages in purchases, own, hold, transfer, or dispose or real properties of every kind and description, including shares of stocks and other securities, contracts or obligations of any corporation or association.

The real estate segment includes purchases of land for appreciation.

The financial services segment is involved in the accumulation of deposits and extension of rural credits to small farmers and tenants and to deserving rural industries or enterprises. This segment only existed in 2007 when PSDBI is still a subsidiary of PRIDE. It was deconsolidated in 2008 when the ownership of PRIDE in PSDBI was diluted to 40%.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivable and property, plant and equipment, net of allowances and provisions. Segment liabilities include all operating liabilities and consist principally of accounts, wages, taxes currently payable and accrued liabilities. Segment assets and liabilities do not include deferred income taxes.

Inter-segment transactions

Segment revenues, expenses and performance include revenue and expenses between business segments. Such revenues and expenses are eliminated in consolidation.

The operating results and financial condition of the Group classified by segment are given in the enclosed table.

Business Segments

	Holding		Real Estate		Others		*Eliminations*		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenue										
External revenue	**P10,675**	P634,056	**P48,716-**	P-	**P53,429**	P408,912	**P-**	P-	**P112,819**	P1,042,968
Total Sales	**P10,675**	P634,056	**P48,716-**	P-	**P53,429**	P408,912	**P-**	P-	**P112,819**	P1,042,968
Results										
Segment results	**(P6,385,827)**	(P6,956,442)	**(P3,593,750)**	(P1,965,243)	**P98,070,797**	(P3,038,863)	**P-**	P-	**P88,091,219**	(P11,960,548)
Share in net earnings (loss) of associates	**(624,015)**	(225,030)	**-**	-	**715,667**	1,233,902	**-**	-	**91,652**	1,008,871
Net Income (Loss)	**(P7,009,842)**	(P7,181,472)	**(P3,593,750)**	(P1,965,243)	**P98,786,464**	(P1,804,962)	**P-**	P-	**P88,182,871**	(P10,951,677)
Assets										
Segment assets	**P567,498,420**	P446,368,043	**P4,426,752,939**	P4,408,235,264	**P6,490,721,385**	P6,652,215,401	**P-**	P-	**P11,484,972,744**	P11,506,818,708
Advances to related parties	**799,566,151**	1,019,881,829	**1,084,500,277**	1,019,962,511	**1,059,396,017**	841,128,953	**(2,928,190,171)**	(2,865,701,020)	**15,272,273**	15,272,273
Investment in associates	**3,028,990,811**	3,051,735,936	**381,256,430**	381,256,430	**581,260,552**	581,416,090	**(3,617,692,509)**	(3,617,329,813)	**373,815,283**	397,078,644
Other Assets	**3,744,850**	2,350,442	**9,966,114**	5,193,108	**41,829,445**	46,894,438	-	-	**55,540,409**	54,437,989
Total Assets	**P4,399,800,231**	P4,520,336,251	**P5,902,475,760**	P5,814,647,313	**P8,173,207,398**	P8,121,654,882	**(P6,545,882,681)**	(P6,483,030,833)	**P11,929,600,709**	P11,973,607,614
Liabilities										
Segment liabilities	**P37,529,899**	P36,985,362	**P49,413,065**	P24,870,412	**P194,474,974**	P169,653,978	**P-**	P-	**P281,417,938**	P231,509,752
Advances from related parties	**128,595,441**	219,543,059	**1,343,973,792**	1,162,049,800	**1,600,737,466**	1,608,762,917	**(2,928,190,171)**	(2,865,701,020)	**145,116,528**	124,654,757
Loans payable	**129,970,880**	152,169,300	**-**	-	**-**	-	**-**	-	**129,970,880**	152,169,300
Income tax payable	**-**	-	**4,017**	12,374	**9,789**	41,224.85	**-**	-	**13,806**	53,599
Deferred tax liability	**-**	-	**1,194,409,438**	1,180,520,247	**1,188,040,812**	1,205,768,263	**-**	-	**2,382,450,250**	2,386,288,509
Total Liabilities	**P296,096,220**	P408,697,721	**P2,587,800,312**	P2,367,452,834	**P2,983,263,041**	P2,984,226,382	**(P2,928,190,171)**	(P2,865,701,020)	**P2,938,969,402**	P2,894,675,918
Depreciation	**P3,692-**	P3,692-	**P1,650-**	P1,650-	**P17,973**	P17,973-	**P-**	P-	**P23,315**	P23,315

13. Other notes to 1Q Operations and Financials

a. Nature and amount of items affecting assets, liabilities, equity, or net income that are unusual because of their nature, size, or incidents

Please see nos. 3-9 and 11 above.

b. Seasonality or cyclicality of interim operations

None.

c. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period

None.

d. Issuances, repurchases, and repayments of debt and equity securities

None.

e. Dividends paid (aggregate or per share) separately for ordinary shares and other shares

None for the quarter.

f. Segment revenue and segment results for business segments or geographical segments

Please see no. 12 above and the enclosed table.

g. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

None.

h. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

None.

i. Changes in contingent liabilities or contingent assets since the last annual balance sheet date

None.

j. Other material events or transactions during the interim period

None.

ABACORE CAPITAL HOLDINGS, INC.
AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
For the Period Ending March 31, 2021 and 2020

		2021	2020
Current Ratio:	Currrent Assets	463,003,237	466,712,047
	Current Liabilities	483,205,480	470,118,736
		0.958	**0.993**
Solvency Ratio:	Total Liabilities	2,938,969,402	2,894,675,918
	Total Assets	11,929,600,709	11,973,607,614
		0.25	**0.24**
Debt-to-Equity Ratio:	Total Liabilities	2,938,969,402	2,894,675,918
	Total Equity	8,990,631,307	9,078,931,696
		0.327	**0.319**
Asset to Equity Ratio:	Total assets	11,929,600,709	11,973,607,614
	Total Equity	8,990,631,307	9,078,931,696
		1.33	**1.32**
Profitability Ratios:			
Return on Assets:	Net Income	88,182,871	(10,951,677)
	Total assets	11,929,600,709	11,973,607,614
		0.74%	**-0.09%**
Return on Equity:	Net Income	88,182,871	(10,951,677)
	Total Equity	8,990,631,307	9,078,931,696
		0.98%	**-0.12%**