

MANILA BULLETIN

Filipino Citizens, Overseas Contract Workers, Teachers, Government Employees, Firms or Organizations wholly owned and managed by Filipinos, are welcome to buy or invest in Manila Bulletin shares and become Stockholders of The Nation's Leading Newspaper

The Manila Bulletin was established on February 2, 1900 or 121 years ago and is the first newspaper company in the publishing industry to go public in the Philippines. On April 18, 1990, it offered the general public who are Filipino Citizens, Corporations, Cooperatives and Associations wholly-owned and managed by Filipino Citizens, the opportunity to buy and own Manila Bulletin shares and become Stockholders of the nation's leading newspaper.

The present authorized capital of the Corporation is ₱6 billion with outstanding shares of ₱3,466,139,072.

Those who are interested in buying or investing on a longterm basis and owning a minimum of 1,000 shares or more, based on the prevailing stock market price or at the seller's price, are welcome to contact any Licensed Stockbroker of the Philippine Stock Exchange, Inc. by placing their purchase orders directly at:

Philippine Stock Exchange, Inc.	Philippine Stock Exchange Plaza
PSE Tower, Bonifacio Global City,	Ayala Avenue,
Taguig City	Makati City
Tel. No. 8876-4888	Tel. No. 8819-4100

After an investor buys shares of stock, the Manila Bulletin has no control or responsibility over the price at which the Stockholder may wish to dispose of his shares later on or at whatever price it may be traded in the Philippine Stock Exchange, Inc.

Since the Manila Bulletin went public on April 18, 1990 or 30 years ago, the Corporation has declared sixteen (16) stock dividends with a total of 363.2856% and twenty-two (22) cash dividends or a total of 468.7923% based on par value of ₱1.00 per share, with a total of thirty eight (39) stock and cash dividends or a grand total of 835.0779% as of July 14, 2016 (see table)

MANILA BULLETIN CASH AND STOCK DIVIDENDS RECORD

Dividends	Year Declared	Rate per Share	Percentage of Dividends
Stock Dividend	1990	0.32779	32.7790%
Stock Dividend	1991	0.67221	67.2210%
Cash Dividend	1991	0.25000	25.0000%
Cash Dividend	1991	0.25000	25.0000%
Cash Dividend	1992	0.25000	25.0000%
Cash Dividend	1992	0.25000	25.0000%
Cash Dividend	1993	0.25000	25.0000%
Cash Dividend	1993	0.25000	25.0000%
Cash Dividend	1994	0.50000	50.0000%
Cash Dividend	1994	0.25000	25.0000%
Cash Dividend	1994	0.25000	25.0000%
Stock Dividend	1995	1.00000	100.0000%
Cash Dividend	1996	0.50000	50.0000%
Cash Dividend	1997	0.25000	25.0000%
Cash Dividend	1997	0.25000	25.0000%
Cash Dividend	1998	0.25000	25.0000%
Stock Dividend	1998	0.29890	29.8900%
Cash Dividend	1999	0.25000	25.0000%
Cash Dividend	1999	0.25110	25.1100%
Stock Dividend	2000	0.41318	41.3177%
Cash Dividend	2000	0.08682	8.6823%
Stock Dividend	2001	0.12500	12.5000%
Cash Dividend	2001	0.07500	7.5000%
Cash Dividend	2002	0.07500	7.5000%
Cash Dividend	2002	0.05000	5.0000%
Stock Dividend	2003	0.06000	6.0000%
Stock Dividend	2004	0.120095	12.0095%
Stock Dividend	2005	0.10000	10.0000%
Stock Dividend	2006	0.15000	15.0000%
Stock Dividend	2007	0.1056837	10.5684%
Stock Dividend	2008	0.10000	10.0000%
Stock Dividend	2009	0.05000	5.0000%
Cash Dividend	2010	0.05000	5.0000%
Cash Dividend	2011	0.05000	5.0000%
Cash Dividend	2012	0.05000	5.0000%
Stock Dividend	2013	0.05000	5.0000%
Stock Dividend	2014	0.03000	3.0000%
Stock Dividend	2015	0.03000	3.0000%
Stock Dividend	2016	0.03000	3.0000%

TOTAL CASH AND STOCK DIVIDENDS

835.0779%

In case of any change of address, to ensure correct delivery of all communications, all Manila Bulletin Stockholders are requested to immediately advise the following:

The Corporate Secretary, Manila Bulletin Publishing Corporation
P.O. Box 769, Manila Bulletin Building
Muralla cor. Recoletos Street, Intramuros, Manila

The Transfer Agent, Stock Transfer Service, Inc.
34/F Unit D, Rufino Pacific Plaza,
6784 Ayala Avenue, Makati City



MANILA BULLETIN

ANNUAL REPORT

2021

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Company Profile

Founded in 1900, the Manila Bulletin (MB) is the second oldest English newspaper in the Far East and the second oldest newspaper in the Philippines. Except for a two-month period in 1972 shortly after the declaration of martial rule, the Manila Bulletin has been continuously serving the needs of its readers, advertisers and followers and has become known as the Philippines' newspaper of record. It has lived up to its advocacy as "the exponent of Philippine progress" through fair and accurate news and features and in keeping the public fully informed even during periods of challenge and peril.

From being a shipping journal that published advertisements of shipping companies in its early years, the Manila Bulletin became a chronicler of news and inspiring stories about the Filipino nation — the youth and toddlers, the elderly, the farmers and fisher folk, socio-civic and faith groups — as the country marches onward along the path of sustainable growth and progress.

The Manila Bulletin's first issue, then called The Daily Bulletin, was job-printed by El Progreso at No. 10 Carriedo in Quiapo district, Manila, and made its first appearance on the newsstands on February 2, 1900.

During the war in 1945, the Manila Bulletin plant and offices were totally destroyed. As peace was restored, its offices were rebuilt and in 1956, these were transferred from Florentino Torres Street in Sta. Cruz district to the Shurdut Building in Intramuros.

In 1961, Dr. Emilio T. Yap was unanimously elected as the company's director and vice-chairman.

MB, alongside other newspapers in the country, closed its operations as martial law was proclaimed on September 21, 1972. Upon representations made by its erstwhile publisher, Brigadier General Hans Menzi, the government authorized the resumption of its operations under the name Bulletin Today starting on November 22, 1972, thereby serving as the sole nationally-circulated broadsheet.

In 1976, the company acquired a 1.2-hectare lot bounded by Muralla, Recoletos, and Cabildo Streets in Intramuros, paving the way for the construction

of its existing plant and offices where the church and convent of the Order of Augustinian Recollects were located previously.

More than four decades later, MB continues to serve the nation from its history-laden location. MB's modern integrated newsroom houses its varied publications — *Manila Bulletin*, *Tempo* and *Balita*, and several magazines — in a seamless circular-shaped editorial office that facilitates interaction and synergy among editors, reporters, and staffers.

In 1990, the Manila Bulletin was the first Filipino newspaper publishing company to open its ownership to the public through its listing in the Philippine Stock Exchange. It was also among the first to embark upon the computerization and digitization of news gathering, content creation and publication, transitioning from a printed broadsheet into several online and social media platforms.

The flagship broadsheet, *Manila Bulletin*, is published seven days a week, together with the tabloid newspapers *Tempo* and *Balita*. The *Philippine Panorama* is a weekly magazine that is circulated together with the Manila Bulletin's Sunday edition. Also included in MB's publication suite are the following magazines: *Agriculture*, to boost food production and agri-based livelihood; *Going Places*, for sports and travel; *Digital Generation*, a tech news supplement; *Animal Scene*, which features pets and endangered species of fauna; and *Garage*, a youth and lifestyle themed periodical.

Completing MB's comprehensive portfolio are the vernacular magazines that were acquired in July 2005 from Liwayway Publishing, Inc.: *Liwayway*, *Bisaya*, *Hilgaynon*, and *Bannawag*.

The Manila Bulletin adapts and thrives in the ever-widening digital universe. It is present on every platform — print, online, mobile, LED billboards — and on every screen: desktop, laptop, tablet, smartphone, and even wrist watches. Toward being a truly global information provider, it has established a Chinese-language website that hosts the Manila Bulletin Chinese Newspaper edition.



President's Report

TO OUR STOCKHOLDERS AND FRIENDS:

Throughout 2021 the coronavirus pandemic triggered a tailspin in the country's economy, shuttered the school system, and imposed restrictive lockdowns that adversely affected the citizenry's day-to-day living. Amid this backdrop, the Manila Bulletin endeavored to serve as a reliable provider of vital information to enable its audience to keep abreast of latest developments, heed authoritative advice on the observance of health and safety protocols, and stem the tide of the contagion.

The enforcement of quarantine restrictions disabled the delivery of newspapers to provincial areas. Moreover, most advertisers either severely curtailed or discontinued the use of print media. As business systems were disrupted, the pace of digital transformation accelerated. A comprehensive Business Contingency Plan Against Covid-19 serves as a guide for ensuring the continuity and efficiency of company operations.

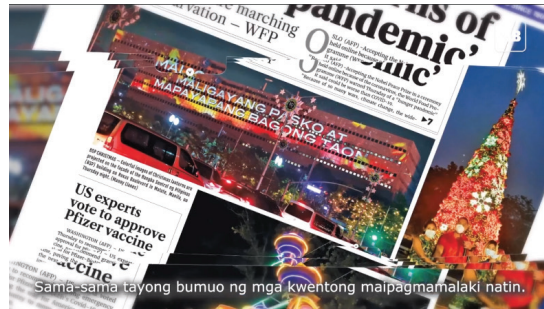
Towards the end of the year, there was another noticeable uptrend in infections. This was negated by the high level of vaccination already attained in the most populous regions of the country. Hence, the Inter-Agency Task Force for the Management of Emergent Infectious Diseases (IATF) was determined to bring about a purposive return to normalcy that would enable industries and businesses to resume operations and thereby accelerate the pace of economic recovery.

It is still not possible to reliably estimate the full extent of the impact of COVID-19 on the Company's financial position and performance for succeeding periods, given the essential uncertainty on the course that the pandemic would take. While total revenues dipped from P910.7 million to P787.8 million or by 13.5 percent, prudent management of resources brought about a slight increase in net income from P17.5 million to P21.2 million or by 20.8 percent (see financial highlights).

PRESIDENT'S REPORT

The management has set its sights primarily on being able to adapt to the new challenges. It shall direct its public communication efforts toward enabling its audience to keep abreast of latest developments, and shall strive to serve as a reliable purveyor of accurate news and information.

These efforts were recognized by the Public Relations Society of the Philippines (PRSP) that conferred on the Manila Bulletin a Silver Anvil Award in the digital public relations program advocacy campaign category for its “#No To Fake News – Don’t Ignore It, Report It” audio visual presentation. This presentation sought to spread awareness on the proliferation of fake news in social media during the pandemic. The Manila Bulletin emphasized in its rationale for the entry: “A single click can change, dictate, or overturn someone’s life. In times of crisis, wear vigilance like an armor.”



In the 43rd Catholic Mass Media Awards, the Manila Bulletin won the following awards:

- Best Digital Ad in Public Service: “Pasko ng Pag-Asa 2020” Video produced by Johndel Semilla
- Best Opinion Column: “Through Untrue” by Fr. Rolando V. de la Rosa, OP
- Best Editorial Cartoon: “Maundy Thursday: The Power of Servant Leadership” by Roni Santiago

In its Asian Media Awards, the World Association of Newspaper Publishers (WAN-IFRA) conferred a Bronze Award for Community Service to Manila Bulletin’s Agriculture Magazine.



PRESIDENT'S REPORT

FINANCIAL HIGHLIGHTS

	2021	2020	% HANGE
FOR THE YEAR			
Revenues	787,765,201	910,666,991	(13.50)
Provision for Income Tax	11,703,110	3,552,438	229.44
Net Income	21,175,533	17,523,809	20.84
AT YEAR END			
Total Assets	5,716,505,900	6,163,658,251	(7.25)
Current Assets	3,159,700,167	3,503,042,373	(9.80)
Stockholders' Equity	3,586,661,347	3,560,322,484	0.74
Outstanding Shares	3,466,139,072	3,466,139,072	-
Treasury Shares	9,324,650	9,324,650	-
FINANCIAL RATIOS			
Current Assets to Current Liabilities	2.7966: 1	2.2096: 1	
Total Assets to Stockholders' Equity	1.5938: 1	1.7312: 1	
Debt to Equity	0.5938: 1	0.7312: 1	

Digital transformation is at the core of Manila Bulletin's resolve to build back better in an emergent post-pandemic period. Balita, the daily vernacular newspaper, has been repurposed as an online brand that has garnered a broad-based patronage. As it adapts to new technologies, Manila Bulletin seeks to enable its audience to achieve interface with unique information and memorable stories that build continuing patronage of its wide spectrum of media brands. Enhanced application of data analytics continually provides fresh insights on audience preferences.

Manila Bulletin looks forward to 2022 as a year of fresh opportunities. With the holding of national and local elections, the citizenry will elect new leaders that would hopefully craft and implement a viable program for rebuilding a stronger and more resilient economy. As in the past, we shall endeavor to do our part in be an effective exponent of national progress by creating heightened consciousness on possibilities for growth and progress that would fulfill the Filipino nation's aspirations for a vibrant and secure future.


Dr. EMILIO C. YAP III
 President

BOARD OF DIRECTORS



Basilio C. Yap
Chairman



Dr. Emilio C. Yap III
Vice Chairman



Chief Justice Hilario G. Davide, Jr., Ret.
Vice Chairman /
Independent Director



Secretary Alberto G. Romulo, Ret.
Vice Chairman /
Independent Director



Maria Georgina Perez-de Venecia
Independent Director



Atty. Juan D. De Zuñiga, Jr.
Independent Director



Benjamin C. Yap
Director



Anthony Joseph Y. Gaw
Director



Dr. Enrique Y. Yap, Jr.
Director



Loreto D. Cabañes
Director

EXECUTIVE OFFICERS

MANILA BULLETIN

Dr. Emilio C. Yap III President

Herminio B. Coloma, Jr. Publisher / Executive Vice President /
Compliance Officer

VICE PRESIDENTS

Aurora Capellan-Tan Executive Department / Assistant Treasurer

Carmen S. Suva Public Relations Department

Dr. Enrique Y. Yap, Jr. Business Development Department

Arsenio Emmanuel O. Cabrera* Advertising Department

Dante M. Simangan Circulation Department

Gen. Reynaldo S. Rafal Administration Department

ASSISTANT VICE PRESIDENTS

Elizabeth T. Morales Accounting Department

Ruben Y. Bulaong Advertising Department

Alvin P. Mendigoria Engineering Department

Sandy U. Cotoco Credit and Collection Department

Atty. Daphne Dione R. Belderol Assistant Corporate Secretary

Atty. Glen V. Ardoña Assistant Corporate Secretary

Maebel P. Nadres Assistant Treasurer / Chief Cashier

Alicia A. Aldana Assistant Treasurer

LIST OF PUBLICATIONS

MANILA BULLETIN

www.mb.com.ph
bulletin@mb.com.ph

Herminio B. Coloma Jr.	Publisher
Loreto D. Cabañes	Editor-in-Chief and Business Editor
Vicente Edgardo C. Bartilad	Assistant Editor-in-Chief
Cecilia C. Colmenares	Executive Editor
Dr. Beth Day Romulo	Executive Editor
Jullie Y. Daza	Associate Editor
Isabel C. De Leon	News Editor
Arnel A. Patawaran	Lifestyle Editor
Robert R. Requintina	Entertainment Editor

PHILIPPINE
panorama
THE NATION'S LEADING WEEKLY MAGAZINE

Herminio B. Coloma Jr. Publisher
Arnel A. Patawaran Editor

Manila Bulletin Technews Quarterly Supplement
DIGITAL
GENERATION

Herminio B. Coloma Jr. Publisher
Arturo H. Samaniego, Jr. Section Editor

Tempo
NEWS IN A FLASH
THE NATION'S FASTEST GROWING NEWSPAPER

www.tempo.com.ph

Herminio B. Coloma Jr. Publisher
Loreto D. Cabañes Editor-in-Chief
Emily Bugarin Editor

 **Balita**

www.balita.net.ph

Herminio B. Coloma Jr. Publisher
Loreto D. Cabañes Editor-in-Chief

LIST OF PUBLICATIONS



Herminio B. Coloma Jr. Publisher
Yvette Natalie U. Tan Editor



Herminio B. Coloma Jr. Publisher
Johannes L. Chua Editor



animalscene.ph

Herminio B. Coloma Jr. Publisher
Jeffrey C. Lim Managing Editor



liwayway.ph

Herminio B. Coloma Jr. Publisher
Johannes L. Chua Editor



bannawag.ph

Herminio B. Coloma Jr. Publisher
Cles B. Rambaud Associate Editor



bisaya.ph

Herminio B. Coloma Jr. Publisher

Annual Corporate Governance Report

The Manila Bulletin Publishing Corporation (hereinafter referred to as “the Company”) affirms its full compliance with SEC Memorandum Circular No. 19 (Series of 2016), also known as the Code of Corporate Governance for Publicly Listed Companies (“the Code”) and its adherence to the principles of good governance and responsible corporate citizenship.

The Company has submitted an Integrated Annual Corporate Governance Report to the Securities and Exchange Commission (SEC) that contains a detailed explanation on its compliance with the principles concerning: the Board’s governance responsibilities, disclosure and transparency, internal control system and risk management framework, cultivating a synergic relationship with stakeholders, and duties to shareholders.

In compliance with the Code, the Board of Directors has conducted a review of the Company’s material controls, including operational, financial and compliance controls, and risk management systems.

The Board has also reviewed and assured the adequacy of the Company’s internal controls and risk management systems.

This Corporate Governance Report provides a summary of the Company’s full compliance with each of the Principles concerning the governance responsibilities of its Board. Following are the sixteen (16) Principles of Corporate Governance that have been fully complied with by the Company:

THE BOARD’S GOVERNANCE RESPONSIBILITIES

Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.

Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board’s functions, particularly with respect to audit, risk management, related party transactions, and other

key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation’s business.

Principle 5: The Board should endeavor to exercise objective and independent judgment on all corporate affairs.

Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

DISCLOSURE AND TRANSPARENCY

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.

Principle 10: The company should ensure that material and reportable non-financial and sustainability issues are disclosed.

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT FRAMEWORK

Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.

CORPORATE GOVERNANCE

CULTIVATING A SYNERGIC RELATIONSHIP WITH SHAREHOLDERS

Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

DUTIES TO STAKEHOLDERS

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

CODE OF BUSINESS CONDUCT AND ETHICS

In accordance with the Code of Corporate Governance enacted by the Securities and Exchange Commission, the Company has adopted a Code of Business Conduct and Ethics affecting directors, senior management and employees, highlights of which are as follows:

Conflict of Interest: Prompt disclosure of any actual or potential conflict of interest; referral to and assessment by Audit Committee of any such conflict; and presentation for discussion and resolution by the Board of Directors

Conduct of Business and Fair Dealings: Adherence to the principle of fairness is regularly observed

Receipt of Gifts from Third Parties: Disclosure and regulation on the receipt of such gifts is duly exercised

Compliance with Laws and Regulations: Applicable laws and regulations, enacted by the national and local authorities are duly complied with

Respect for Trade Secrets and Use of Non-Public Information: Trade secrets are treated with utmost confidentiality and use of non-public information is regulated

Use of Company Funds, Assets, and Information: Use of company funds, assets, and information is subject to close scrutiny, regular monitoring, and assurance of the exercise of proper authority

Employment and Labor Laws and Policies: Compliance and adherence with all pertinent employment and labor laws is observed in consonance with the Company's values on being a responsible employer

Disciplinary Action: All officers and employees are governed by a Code of Conduct and Discipline that is enforced with fairness and observance of due process

Whistle Blower: The Company will assist individual employees who disclose relevant information to suspected misconduct, malpractice, or irregularity through a confidential reporting channel

Conflict Resolution: This is undertaken by the Board of Directors in the case of its members, and by the administration department in the case of senior management and employees

RELATED PARTY TRANSACTIONS

The Company regulates related party transactions. Prompt notice of related party transactions is required to be given to the Board, which in turn reviews and decides whether to approve, ratify, disapprove or reject the same.

BOARD COMMITTEES

Throughout the year, the following Board Committees were duly constituted:

- **Executive Committee**
- **Audit Committee**
- **Corporate Governance Committee**
- **Risk Oversight Committee**
- **Related Party Transactions Committee**

CORPORATE GOVERNANCE

RISK MANAGEMENT SYSTEM

The Board is responsible for the identification of key risk areas and performance indicators, monitoring these factors with due diligence to enable the Company to anticipate and prepare for possible threats to its operational and financial viability. These include:

Risk Exposure	Risk Assessment	Objective	Monitoring and Measurement Process	Risk Management and Control (Structures, Procedures, Actions Taken)
Credit Risk	The Credit Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and conditions are offered.	Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.	Submission of monthly reports of credit sales and payments.	Establishment of credit limits and compliance for each customer.
Liquidity Risk	Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme conditions that cannot be reasonably predicted, such as natural disasters.	To be able to meet the Company's financial obligations as they fall due.	Preparation of daily cash position	Purchase of foreign exchange for importation of materials and supplies covered by peso credit facilities from banks and with insurance coverage.
Market Risk	The Company's exposure to market risk for changes in interest rates relates primarily to the Company's short-term and long-term debt obligations. The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.	To manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.	Regular monitoring of interest rates; range as established by the Bangko Sentral ng Pilipinas.	Management of interest cost as determined by the prevailing bank rates.

MANILA BULLETIN

ANNUAL REPORT

2021

AUDITED FINANCIAL STATEMENTS 2021

December 31, 2021
with Report of Independent Auditors



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

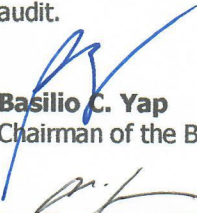
The management of Manila Bulletin Publishing Corporation (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

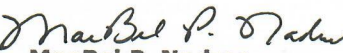
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Mendoza Querido & Co., the independent auditors appointed by the stockholders, have audited the financial statements in accordance with Philippine Standards on Auditing, and in its report to the stockholders have expressed its opinion on the fairness of presentation upon completion of such audit.


Basilio C. Yap
Chairman of the Board


Emilio C. Yap III
President



MaeBel P. Nadres
Chief Financial Officer

Signed this 12th day of May 2022



SUBSCRIBED AND SWORN TO before me this 12th day of May 2022 in the City of Manila, Metro Manila; affiants exhibiting to me their SSS ID and Taxpayer's identification Number (TIN) as follows: BASILIO C. YAP (TIN 132-309-833), EMILIO C. YAP III (SSS No.33-16694796) and MAEBEL P. NADRES (SSS No.03-4440134-9).

Doc. No. 189
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Book No. XII
Series of 2022

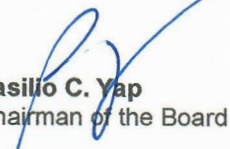

DAPHNE DIONE R. BELDEROL
Commission No. 2020-035
Notary Public for Manila
Until December 31, 2021, extended until June 30, 2022
(B.M. No. 3795, September 28, 2021)
Manila Bulletin Building, Muralla cor. Recoletos Sts.,
Intramuros, 1002, Manila
Roll No. 66928.05/23/2017
PTR No. 0200538.2/2/2022, MNL
IBP OR No. 183173.1/3/2022, Pasig City
MCLE Compliance No. VI- 0011670, until April 14, 2022

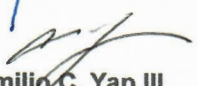
**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN**

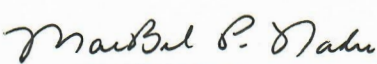
The Management of Manila Bulletin Publishing Corporation is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of Manila Bulletin Publishing Corporation, complete and correct in all material respects. Management likewise affirms that:

- (a.) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b.) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c.) Manila Bulletin Publishing Corporation has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.


Basilio C. Yap
Chairman of the Board


Emilio C. Yap III
President


MaeBel P. Nadres
Chief Financial Officer

Signed this 12th day of May 2022





Mendoza Querido & Co.

16th Floor, The Salcedo Towers
169 H.V. de la Costa St., Salcedo Village
Makati City 1227 Philippines

T +63 2 887 1888

www.mqc.com.ph

PRC/BOA Accreditation No. 0966

September 22, 2020, valid until

August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

**INDEPENDENT AUDITORS' REPORT
TO ACCOMPANY INCOME TAX RETURN**

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

We have audited the financial statements of Manila Bulletin Publishing Corporation (the Company) for the year ended December 31, 2021 on which we have rendered the attached report dated May 12, 2022.

In compliance with Revenue Regulations V-20, we are stating the following:

1. The taxes paid or accrued by the above Company for the year ended December 31, 2021 are shown in the Schedule of Taxes and Licenses attached to the Annual Income Tax Return.
2. No partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 8856593, January 7, 2022, Makati City

May 12, 2022





Mendoza Querido & Co.

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

Report on the Audited Financial Statements

Opinion

We have audited the financial statements of Manila Bulletin Publishing Corporation (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

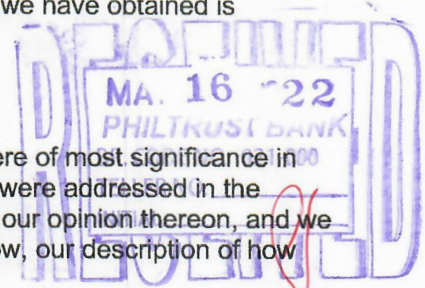
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

a) Recognition of Allowance for Expected Credit Losses on Trade and Other Receivables

Description of the Matter

The Company's application of the expected credit loss (ECL) model in determining the allowance for credit losses on trade receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: the Company's credit risk exposures; defining default; determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts; and incorporating forward-looking information in calculating ECL.

Allowance for ECL and the provision for ECL as at and for the year ended December 31, 2021 amounted to P99.6 million and P99.4 million, respectively.

Refer to Notes 6 and 21 to the financial statements for the disclosures on details of the allowance for credit losses using the ECL model.

Audit Response

We obtained an understanding of the methodologies and models used for the Company's different credit exposures and assessed whether these considered the requirements of PFRS 9 to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Company's credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging; and (e) checked the forward looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Company's receivable portfolios and industry practices.

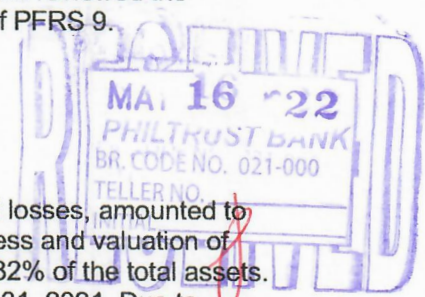
Further, we checked the data used in the ECL models, such as the historical collection analysis and default and recovery data, by examining the supporting documents for credits granted to customers and their subsequent settlement and performing an analysis of trade receivables' aging. We checked subsequent collections and performed inquiry with the Credit and Collections Department on the status of collections.

We recalculated impairment provisions on a sample basis. We checked and reviewed the disclosures made in the financial statements based on the requirements of PFRS 9.

b) Accounting for the Completeness and Valuation of Inventories

Description of the Matter

The Company's inventories, net of allowance for inventory write down and losses, amounted to P1,018.9 million as at December 31, 2021. The accounting for completeness and valuation of inventories are significant to our audit because inventories represents 17.82% of the total assets. The Company maintains 414 stocks keeping units (SKU) as at December 31, 2021. Due to significant number of SKU, establishing existence and completeness and determining the proper valuation of inventories requires an extensive monitoring and high degree of judgement and estimation.



Audit Response

We obtained an understanding of the inventory management process which includes inventory count procedures. We assessed and tested the relevant inventory controls, and observed the conduct of the inventory count procedures and performed test counts. We traced test counts to the inventory compilation to determine if the inventory compilation reflects actual inventory count results. We reviewed the reconciliation of the valued physical inventory compilation with the general ledger account balances and evaluated the disposition of the reconciling items. We tested the roll forward procedures on inventory quantities from the date of inventory count to reporting date on a sample basis. We reviewed and tested inventory costing and the determination of lower of cost or net realizable value.

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

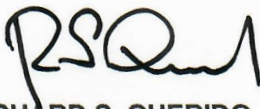


Report on the Supplementary Information Required Under Revenue Regulation Nos. 15- 2010 and 19-2011

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations Nos. 15-2010 and 19-2011 in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management of Manila Bulletin Publishing Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Richard S. Querido.

For the Firm: **MENDOZA QUERIDO & CO.**



RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

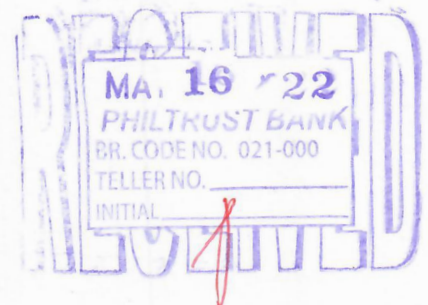
TIN 102-094-633

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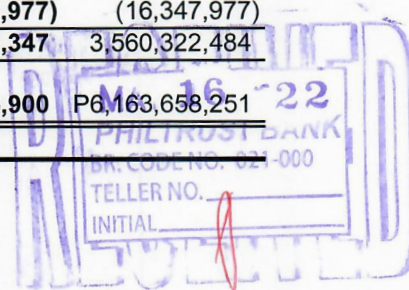
May 12, 2022



MANILA BULLETIN PUBLISHING CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	2021	2020
ASSETS		
Current Assets		
Cash (Notes 2, 3, 4 and 5)	P45,784,437	P96,654,718
Trade and other receivables – net (Notes 2, 3, 4 and 6)	1,990,842,204	2,094,577,030
Inventories (Notes 2, 3 and 7)	1,018,927,160	1,205,713,340
Other current assets (Notes 2, 3 and 8)	104,146,366	106,097,285
Total Current Assets	3,159,700,167	3,503,042,373
Noncurrent Assets		
Property, plant and equipment – net (Notes 2, 3 and 9)	2,265,293,898	2,358,370,681
Right-of-use asset – net (Notes 2, 3 and 24)	264,415	738,646
Investment property (Notes 2, 3 and 10)	94,808,970	94,808,970
Deferred tax asset – net (Notes 2, 3 and 25)	75,941,676	100,496,964
Prepaid benefit obligation (Notes 2, 3 and 23)	12,274,385	–
Goodwill (Notes 2, 3 and 11)	5,000,000	5,000,000
Other noncurrent assets (Notes 2, 3, 4 and 12)	103,222,389	101,200,617
Total Noncurrent Assets	2,556,805,733	2,660,615,878
TOTAL ASSETS	P5,716,505,900	P6,163,658,251
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 2, 4 and 13)	P690,826,626	P1,019,822,359
Trust receipts payable (Notes 2, 4 and 14)	–	32,857,625
Short-term loans payable (Notes 2, 4 and 15)	437,900,000	530,062,021
Lease liability – current (Notes 2, 3, 4 and 24)	296,965	534,071
Income tax payable (Notes 2 and 25)	820,962	2,071,967
Total Current Liabilities	1,129,844,553	1,585,348,043
Noncurrent Liabilities		
Long-term loans payable (Notes 2, 4 and 15)	1,000,000,000	1,000,000,000
Lease liability – noncurrent portion (Notes 2, 3 and 24)	–	340,602
Retirement benefit obligation (Notes 2, 3 and 23)	–	17,647,122
Total Noncurrent Liabilities	1,000,000,000	1,017,987,724
Total Liabilities	2,129,844,553	2,603,335,767
Equity		
Share capital (Notes 2, 4 and 16)	3,475,463,722	3,475,463,722
Retained earnings (Notes 2, 4 and 16)	273,051,106	251,875,573
Accumulated remeasurement losses on retirement benefit plan (Notes 2, 23 and 27)	(145,505,504)	(150,668,834)
Treasury shares (Notes 2 and 16)	(16,347,977)	(16,347,977)
Total Equity	3,586,661,347	3,560,322,484
TOTAL LIABILITIES AND EQUITY	P5,716,505,900	P6,163,658,251

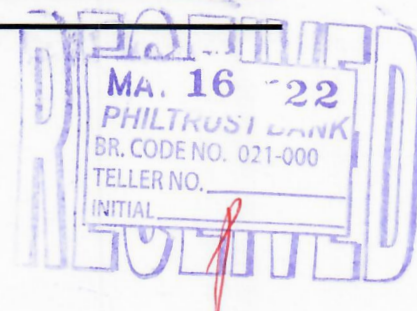
See accompanying Notes to Financial Statements.



MANILA BULLETIN PUBLISHING CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	2021	2020	2019
NET SALES (Notes 2 and 18)	P736,549,473	P864,508,153	P1,623,700,122
COST OF SALES AND SERVICES (Notes 2 and 19)	(534,665,297)	(609,604,772)	(1,275,563,255)
GROSS PROFIT	201,884,176	254,903,381	348,136,867
OTHER OPERATING INCOME (Notes 2 and 20)	51,215,728	46,158,838	142,072,493
OPERATING EXPENSES (Notes 2 and 21)	(185,900,365)	(207,517,296)	(365,053,643)
OPERATING INCOME	67,199,539	93,544,923	125,155,717
OTHER EXPENSE – net (Notes 2 and 22)	(34,320,896)	(72,468,676)	(89,306,169)
INCOME BEFORE INCOME TAX	32,878,643	21,076,247	35,849,548
PROVISION FOR INCOME TAX (Notes 2 and 25)	(11,703,110)	(3,552,438)	(10,609,569)
NET INCOME	21,175,533	17,523,809	25,239,979
OTHER COMPREHENSIVE INCOME (LOSS) <i>Item that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain (loss) – net of tax (Notes 2, 23 and 27)	5,163,330	(32,409,926)	(29,767,338)
TOTAL COMPREHENSIVE INCOME (LOSS)	P26,338,863	(P14,886,117)	(P4,527,359)
BASIC/DILUTED EARNINGS PER SHARE (Notes 2 and 26)			
Computed based on Net Income	P0.0061	P0.0050	P0.0073
Computed based on Total Comprehensive Income (Loss)	P0.0076	(P0.0043)	(P0.0013)

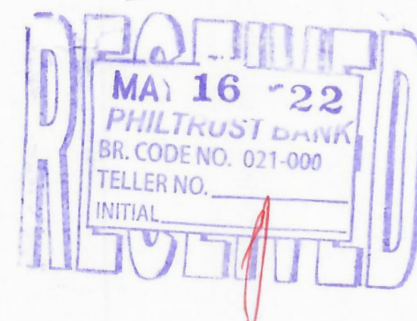
See accompanying Notes to Financial Statements.



MANILA BULLETIN PUBLISHING CORPORATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

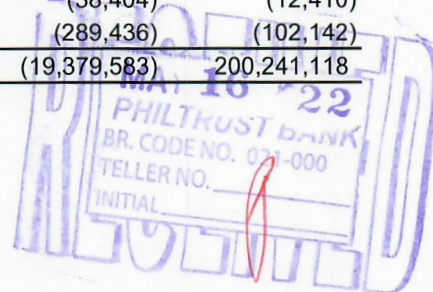
	2021	2020	2019
SHARE CAPITAL (Notes 2, 4 and 16)	P3,475,463,722	P3,475,463,722	P3,475,463,722
TREASURY SHARES (Notes 2 and 16)	(16,347,977)	(16,347,977)	(16,347,977)
OTHER COMPONENT OF EQUITY (Notes 2, 23 and 27)			
Balance at beginning of year	(150,668,834)	(118,258,908)	(88,491,570)
Actuarial gain (loss) – net of tax effect (Note 27)	5,163,330	(32,409,926)	(29,767,338)
Balance at end of year	(145,505,504)	(150,668,834)	(118,258,908)
RETAINED EARNINGS (Notes 2, 4 and 16)			
Balance at beginning of year	251,875,573	234,351,764	209,111,785
Net income	21,175,533	17,523,809	25,239,979
Balance at end of year	273,051,106	251,875,573	234,351,764
	P3,586,661,347	P3,560,322,484	P3,575,208,601

See accompanying Notes to Financial Statements.



MANILA BULLETIN PUBLISHING CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	P32,878,643	P21,076,247	P35,849,548
Adjustments for:			
Provision for impairment losses (Notes 6 and 21)	99,387,847	108,403,776	120,144,484
Interest expense (Notes 14, 15 and 24)	56,215,699	81,291,124	89,319,488
Depreciation of property, plant and equipment (Note 9)	55,316,482	80,118,524	62,523,937
Retirement expense (Note 23)	10,257,089	8,384,384	4,689,046
Amortization of right-of-use asset (Note 24)	265,640	420,667	106,938
Unrealized foreign exchange (gain) loss (Note 22)	(10,409)	(15,580)	2,693
Interest income (Note 22)	(22,002)	(23,127)	(15,971)
Gain on sale of asset held for sale (Note 22)	(21,862,392)	(8,783,741)	-
Accounts receivable written-off (Note 6)	(99,387,847)	(106,797,999)	(118,160,093)
Operating income before working capital changes	133,038,750	184,074,275	194,460,070
Decrease (increase) in:			
Trade and other receivables (Note 6)	103,734,826	(346,203,250)	(52,759,223)
Inventories (Note 7)	186,786,180	54,007,831	43,868,446
Other current assets (Note 8)	1,950,919	34,475,417	(28,930,839)
Increase (decrease) in trade and other payables (Note 13)	(328,995,733)	220,322,611	(203,716,356)
Net cash generated from (used in) operations	96,514,942	146,676,884	(47,077,902)
Interest received (Note 22)	22,002	23,127	15,971
Contributions paid (Note 23)	(18,944,743)	(19,367,652)	(23,649,788)
Interest paid (Notes 14, 15 and 24)	(56,196,016)	(81,252,720)	(89,307,078)
Income tax paid (Note 25)	(4,469,350)	(4,342,442)	(12,017,383)
Net cash provided by (used in) operating activities	16,926,835	41,737,197	(172,036,180)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net proceeds from (additions to) other noncurrent assets (Note 12)	(2,021,772)	29,676,434	(7,750,685)
Proceeds from disposal of property, plant and equipment (Note 9)	64,300,000	-	-
Additions to property, plant and equipment (Note 9)	(4,677,307)	(10,284,674)	(7,430,709)
Net cash provided by (used in) investing activities	57,600,921	19,391,760	(15,181,394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of trust receipts payable (Notes 14 and 29)	(32,857,625)	(30,313,764)	(48,444,330)
Proceeds from availment of loans payable (Notes 15 and 29)	437,900,000	671,262,021	634,000,000
Payments of loans payable (Notes 15 and 29)	(530,062,021)	(660,000,000)	(385,200,000)
Interest paid (Note 24)	(19,683)	(38,404)	(12,410)
Payments of lease liabilities (Note 24)	(369,117)	(289,436)	(102,142)
Net cash provided by (used in) financing activities	(125,408,446)	(19,379,583)	200,241,118
Forward			



EFFECT OF EXCHANGE RATES CHANGE ON CASH	10,409	15,580	(2,693)
NET INCREASE (DECREASE) IN CASH	(50,870,281)	41,764,954	13,020,851
CASH AT BEGINNING OF YEAR	96,654,718	54,889,764	41,868,913
CASH AT END OF YEAR	P45,784,437	P96,654,718	P54,889,764
CASH AT END OF YEAR CONSISTS OF:			
Cash on hand	P12,078,215	P18,786,517	P12,658,171
Cash in banks	33,706,222	77,868,201	42,231,593
	P45,784,437	P96,654,718	P54,889,764
NONCASH INVESTING ACTIVITIES			
Initial recognition of right-of-use asset (Note 24)	P-	P-	(P1,283,253)
Derecognition of right-of use asset (Note 24)	208,591	17,002	-
	208,591	17,002	(1,283,253)
NONCASH FINANCING ACTIVITIES			
Initial recognition of right-of-use asset (Note 24)	P-	P-	P1,283,253
Derecognition of right-of use asset (Note 24)	(208,591)	(17,002)	-
	(208,591)	(17,002)	1,283,253
TOTAL NONCASH ACTIVITIES	P-	P-	P-

See accompanying Notes to Financial Statements.



MANILA BULLETIN PUBLISHING CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. General

Manila Bulletin Publishing Corporation (the 'Company') was founded as the Daily Bulletin on February 2, 1900 for the purpose of engaging in the publishing business. The Company was incorporated on June 12, 1912 as Bulletin Publishing Company, and re-incorporated and registered with the Securities and Exchange Commission (SEC) under SEC registration number 15923 on September 25, 1959 as Bulletin Publishing Corporation. On June 22, 1989, the corporate name was amended to Manila Bulletin Publishing Corporation. It is the first newspaper company in the Philippines to go public. It is the oldest newspaper publisher in the country and the second oldest English newspaper in the Far East. It started as a commercial newspaper, publishing advertisements of shipping companies.

It has maintained its leadership in the newspaper industry and in the publications of magazines with its advertisements, circulation and clientele. The broad sheet, Manila Bulletin is published seven days a week; the Philippine Panorama, a Sunday Weekly Magazine; Style Weekend, a Friday Weekly Magazine; Travel Magazine, published every second and fourth Thursday of the month; Tempo, a daily English tabloid; Balita, a daily Filipino; monthly magazines, namely: Agriculture, to help boost food production and promote livelihood programs; Cruising for sports and travel; Sense and Style, an upscale magazine, covers various facets lifestyle from its core content on homes and gardening to beauty and fashion, health and fitness, career, cooking and dining, travel, leisure and everything relevant to busy young urbanities; Animal Scene, which focuses on animals from pets to endangered species; Sports Digest for sports aficionados and healthy entertainment; and Sense and Style Magazine for woman's fashion and beauty. It has also acquired Balita, a daily Tagalog newspaper, and the weekly vernacular magazines, Liwayway, Bisaya, Hiligaynon and Bannawag.

On June 8, 1989, the Board of Directors and Stockholders approved to extend the original corporate life of fifty (50) years for another 50 years from and after September 25, 2009, the expiry date of original term. The SEC approved the Amended Articles of Incorporation ("Aoi") on May 22, 2017.

The Company is 54.20% owned by U.S. Automotive Co., Inc., which is also incorporated in the Philippines.

The Company conducts business in its principal office located at Manila Bulletin Building, Muralla corner Recoletos Street, Intramuros, Manila.

The Company has three hundred twelve (312) and three hundred sixty four (364) employees as at December 31, 2021 and 2020, respectively.

The Board of Directors (BOD) authorized the financial statements for the year ended December 31, 2021 for issue on May 12, 2022.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The accompanying financial statements of the Company have been prepared on a historical cost basis, except as otherwise stated. The financial statements are presented in Philippine peso, which is the functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso except as otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with PFRS. The term PFRS, in general, includes all applicable PFRS, Philippine Accounting Standards (PAS) and Interpretations issued by former Standing Interpretations Committee, the Philippine Interpretations Committee and the International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Philippine Financial Reporting Standards Council and adopted by the Philippine SEC.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended PFRS which the Company adopted effective January 1, 2021. Except as otherwise indicated, the new standards and amendments have no significant impact on the annual financial statements of the Company.

- PFRS 17, "*Insurance Contracts*"

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, "*Insurance Contracts*". This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adoption for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is not applicable to the Company since the Company does not have activities that are predominantly connected with insurance or issue insurance contracts.

- Amendments to PFRS 16, "*Leases – COVID-19-Related Rent Concessions beyond June 30, 2021 (effective from April 1, 2021)*"

The amendment extends for one year the use of practical expedient, not to assess whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Company has no rent concession, thus, the amendments will have no impact in the financial statements of the Company.

The adoption of the foregoing new and revised PFRS and PAS does not have any material impact on the financial statements. Additional disclosures have been included in the notes to financial statements, as applicable.

Standards and Interpretation Issued but not yet Effective

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

Effective in 2022

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

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, "*Business Combinations*" to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*" or Philippine-IFRIC 21, "*Levies*", if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

- Amendments to PAS 37, "*Onerous Contracts - Costs of Fulfilling a Contract*"

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Annual Improvements to PFRSs 2018-2020 Cycle

The Annual Improvements to PFRSs (2018-2020 cycle) are effective for annual periods beginning 2022 and are not expected to have a material impact on the Company.

- Amendments to PFRS 1, "*Subsidiary as a First-Time Adopter*"

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

- Amendments to PFRS 9, "*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*"

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

These amendments are not expected to have a material impact on the Company.

- Amendments to PFRS 16, "*Lease Incentives*"

The amendment removes reimbursement relating to leasehold improvements. PFRS 16 does not contain explicit guidance on how to account for leasehold improvements made by the lessee or when reimbursements made by the lessor in respect of those leasehold improvements can be regarded as lease incentives. Thus, created some confusion on how a lessee should account for such reimbursement by stating that the lessee should apply the appropriate standard and should not account for the reimbursement as a lease incentive. The standard had not clearly explained the conclusion as to whether the reimbursement would meet the definition of a lease incentive in PFRS 16.

The adoption of this amendment is not expected to have any significant impact on the financial statements.

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

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The adoption of this amendment is not expected to have any significant impact on the financial statements.

Effective in 2023

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

The amendments, which respond to feedback from stakeholders, are designed to:

- Reduce costs by simplifying some requirements in the Standard;
- Make financial performance easier to explain; and
- Ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

The deferral of the effective date by two years, to annual reporting periods beginning on or after January 1, 2023, is intended to allow time for an orderly adoption of the amended PFRS 17 by jurisdictions. This should enable more insurers to implement the new Standard at the same time.

The amendments are not applicable to the Company since it does not have activities that are predominantly connected with insurance or issue insurance contracts.

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

The amendments to PAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to PFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The Company is currently assessing the impact the amendments will have on current practice.

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

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The Company is currently assessing the impact the amendments will have on current practice.

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

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on current practice.

- Amendments to PAS 12, "*Deferred Tax related to Assets and Liabilities from a Single Transaction*"

The amendments require companies to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The proposed amendments will typically apply to transactions such as leases for the lessee and decommissioning obligations.

The Company is currently assessing the impact the amendments will have on current practice.

*Effective beginning on or after January 1, 2025**

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

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

**On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of IFRS 17 by two (2) years after its effective date as decided by the IASB.*

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

Adoption of these amendments when they become effective will not have any impact on the financial statements.

- Deferment of Implementation of International Financial Reporting Interpretations Committee (IFRIC) Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, "*Borrowing Cost*") for the Real Estate Industry.

In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of PFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under PAS 23 considering that these inventories are ready for their intended sale in their current condition.

On February 21, 2020, the Philippine SEC issued MC No. 4, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 2021, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC agenda decision.

The adoption of this amendment is not expected to have any significant impact on the financial statements since the Company is not in the real estate industry.

No Mandatory Effective Date

- Amendments to PFRS 9, "*Financial Instruments (Hedge Accounting and Amendments to PFRS 9, PFRS 7 and PAS 39)*"

The amendments require the inclusion of general hedge accounting model in the notes disclosure to the financial statements. The amendments allow early adoption of the requirement to present fair value changes due to own credit on liabilities designated as at fair value through profit or loss (FVPL) to be presented in the other comprehensive income.

These amendments are not applicable to the Company and expected not to have an impact on the financial statements.

Significant Accounting Policies

Current versus noncurrent classification

The Company presents assets and liabilities in the statements of financial position based on current or noncurrent classification.

An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

All other liabilities are classified as noncurrent.

Deferred income tax assets are classified as noncurrent assets.

Financial Instruments

Financial instruments is any contract that gives rise to a financial asset of one entity or a financial liability or equity instrument of another entity.

Date of Recognition

The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

"Day 1" Difference

Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Assets

The Company recognizes a financial asset in the statements of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

Financial assets are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both of the following are met:

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

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2021 and 2020, the Company's cash, trade and other receivables (except receivable from exchange deal transactions) and recoverable deposits (under other noncurrent assets) are classified under this category.

Debt Instruments at FVOCI

For debt instruments that are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment gains or losses of debt instruments measured at FVOCI are recognized in the statements of comprehensive income. When the financial asset is derecognized, the cumulative fair value change recognized in OCI is recycled to profit or loss in the statements of comprehensive income.

As at December 31, 2021 and 2020, the Company does not have debt instruments at FVOCI.

Equity Instruments at FVOCI

For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, "*Financial Instruments: Presentation*". This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, instead, these are transferred directly to retained earnings.

As at December 31, 2021 and 2020, the Company's investment in club shares, included under "Other noncurrent assets", is classified under this category (see Note 12).

Financial Assets at FVPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) 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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

This category includes debt instruments whose cash flows, based on the assessment at initial recognition of the assets, are not SPPI, and which are not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell.

This category also includes equity instruments which the Company had not irrevocably elected to classify at FVOCI at initial recognition.

The Company may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates, or significantly reduces accounting mismatch that would arise in measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial assets at FVPL are recognized in profit or loss.

As at December 31, 2021 and 2020, the Company does not have financial assets at FVPL.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment of Financial Assets at Amortized Cost and FVOCI

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

For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other debt instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. The Company also considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 120 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

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

- The right to receive cash flows from the asset has expired; or
- The Company retains the right to receive cash flows from the financial 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 Company has transferred its rights to receive cash flows from the asset and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Initial measurement

Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized costs, the initial measurement is net of any directly attributable transaction costs.

Classification

The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

Financial Liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statements of comprehensive income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Company has not designated any financial liability at FVPL.

As at December 31, 2021 and 2020, the Company does not have liabilities at FVPL.

Financial Liabilities at Amortized Cost

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the liabilities are recognized or through amortization process.

As at December 31, 2021 and 2020, the Company's trade and other payables (except statutory payables), trust receipts payable, lease liability, and loans payable are classified under this category.

Derecognition

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 the statements of comprehensive income.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Company.

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

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

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

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable inputs for the asset or liability

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

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

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is 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 statements of financial position.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined by the weighted average method for newsprint and by first-in, first-out method for machinery spare parts and supplies. Cost comprises all costs of purchase, handling costs and other costs incurred in bringing the inventories to the present location or condition.

Allowance is provided for obsolescence due to deterioration, damage, bad quality, age and technological changes. Full obsolescence allowance is provided when the inventory is non-moving for more than one year. An allowance for market decline is also provided equivalent to the difference between the cost and the NRV of inventories. When inventories are sold, the related allowance is reversed in the same period.

Newsprint and printing supplies are consumed upon withdrawal from the storeroom for use in the daily printing of newspapers and magazines.

Property, Plant and Equipment

Property, plant and equipment, except for land, are stated at cost less any accumulated depreciation. Cost of an item of property, plant and equipment comprises of its purchase price and any cost attributable in bringing the asset to its intended location and working condition. The cost of self-constructed assets includes the costs of materials and direct labor, and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring to site on which they are located. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less impairment in value, if any.

Major spare parts and stand-by equipment items that the Company expects to use more than one (1) period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Construction in progress, included in property, plant and equipment, is stated at cost. This cost includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Projects under construction are transferred to the related property, plant and equipment account when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

The cost of replacing an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in the circumstances indicate that the carrying values may not be recoverable.

Depreciation and amortization of property, plant and equipment commence, once the property, plant and equipment are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Company) and are computed using the straight-line method over the estimated useful lives (EUL) of the assets regardless of utilization. Depreciation is recognized in profit or loss.

The EUL for each item of property, plant and equipment of the Company are as follows:

Buildings	10-20 years
Leasehold improvements	5-10 years
Machineries, tools and equipment	10-15 years
Furniture, fixtures and equipment	3-10 years
Transportation equipment	3-7 years

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statements of comprehensive income, in the year the item is derecognized.

Goodwill

Goodwill is initially measured at cost, being the excess of cost of the acquisition over the fair value of identifiable net assets of the investee at the date of acquisition which is not identifiable to specific assets. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill with indefinite useful life is tested for impairment annually either individually or at the cash-generating unit level. Goodwill on acquisitions is not amortized but is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

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

Investment Property

Investment property consists of land which is being held for capital appreciation. It is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less impairment, if any.

An investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use or no future economic benefit is expected from its disposal.

Other Nonfinancial Assets

Other nonfinancial assets include the following:

Prepayments

Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be realized within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Value-Added Tax (VAT)

Revenue, expenses and assets are generally recognized net of the amount of VAT. The net amount of VAT payable to the taxation authority is the net amount of input VAT and output VAT presented under "Other current asset" and "Trade and other payables", respectively.

Impairment of Nonfinancial Assets

The carrying values of property, plant and equipment, investment property and other nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and when the carrying value of an asset exceeds its estimated recoverable amount, the asset or cash generating unit are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

Goodwill is tested for impairment annually and when events or changes in circumstances indicate the carrying values may not be recoverable. Impairment is tested either individually or at the cash-generating unit (CGU) level by assessing its recoverable amount. When the recoverable amount of the CGU or the individual asset is less than its carrying amount an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is initially recognized as a deduction in revaluation reserves then in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimated of the consideration required to settle the present obligation at the statements of financial position, taking into account the risks and uncertainties surrounding the obligations. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities, if any, are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are disclosed only when an inflow of economic benefits is probable.

Equity

Share capital is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction of proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value are recognized as additional paid-in capital ("APIC"), if any.

Retained Earnings

Retained earnings represent the cumulative balance of results of operations, net of any dividend declaration.

Unappropriated retained earnings pertain to the unrestricted portion available for dividend declaration. Appropriated retained earnings pertain to the restricted portion which is intended for expansion projects and other significant business activities of the Company.

The Company recognizes a liability to pay dividends when the distribution is authorized and no longer at the discretion of the Company. A corresponding amount is recognized directly in equity. Stock dividends result in movement within the equity when approved by the stockholders and BOD of the Company.

Treasury Shares

Treasury shares represent issued shares repurchased by the Company. The consideration paid, including any directly attributable incremental costs, net of related taxes, is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related taxes, is included in equity attributable to the equity holders of the Company.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized:

Advertising

Advertising revenue is recognized as income on the dates the advertisements are published. The fair values of barter transactions from advertisements exchanged for assets or services are included in advertising revenue and the related accounts.

Goods received in exchange for advertisement pursuant to ex-deal transactions executed between the Company and its customers are recorded at fair value of assets received or receivable. When the fair value of the consideration received cannot be measured reliably, the revenue is measured at the fair value of services provided, adjusted by the amount of any cash or cash equivalents transferred.

Circulation

Revenue from circulation which consists of sales of daily newspapers and the weekly and monthly magazines is recognized upon delivery, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amounts of revenue can be measured reliably. This is stated net of sales discounts, returns and allowances.

Rental Income

Rental income is recognized in the statements of comprehensive income when earned in accordance with the term of the lease agreement and on a straight-line basis over the term of the lease.

Dividend Income

Dividend income from investment is recognized in the period in which the Company's right to receive payment has been established.

Royalty Income

Royalty income is recognized as the royalty accrues in accordance with the substance of the relevant agreement.

Interest Income

Revenue is recognized as interest accrues taking into account the effective yield on the asset.

Other Income

Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in the statements of comprehensive income when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Sales and Services

Cost of sales and services are recognized as expense when the related goods are delivered to and accepted by customers or when services are rendered to customers.

Operating Expenses

Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. These are expensed as incurred.

Employee Benefits

Short-term Benefits

The Company recognizes short-term employee benefits based on contractual arrangements with employees. Unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the statements of financial position.

Retirement Benefit

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, and adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Defined benefit cost comprises the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statements of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not classified to profit or loss in the subsequent periods. All remeasurements recognized in the other comprehensive income account 'Remeasurement gains (losses) on retirement benefit plan' are not classified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualified insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Company's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The Company has the right to direct the use of the asset of either:
 - a. the Company has the right to operate the asset; or
 - b. the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company as a Lessee

At the commencement date, the Company recognizes ROU asset and lease liability at the date of initial application for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Asset

The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments option renewal period if the Company is reasonably to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liability is remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. The lease liability is also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Short-term Leases and Leases of Low-Value Assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Company as a Lessor

Leases where the Company does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Rent income from operating leases is recognized as income on a straight-line basis over the lease term.

Borrowing Costs

Borrowing costs are generally recognized as expense in the year in which these costs are incurred.

However, borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. Capitalization of borrowing costs commences when the activities necessary to prepare the asset for intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the asset is available for their intended use. It includes interest expense, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Functional Currency and Foreign Currency Translation

The financial statements are presented in Philippine peso, which is the functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the statements of financial position date. All differences are taken to the statements of comprehensive income.

Income Taxes

Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statements of financial position date.

Current income tax and deferred income tax relating to items recognized directly in equity is also recognized in equity and not in the statements of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and deferred income taxes related to the same taxable entity and the same taxation authority.

Related Parties

A party is considered to be related to the Company if it has the ability, directly or indirectly through one or more intermediaries, to control, is controlled by, or is under common control with, the Company; or exercises significant influence over the Company in making financial and operating decisions; or has a joint control over the Company. It is also related to the Company if a party is an associate, a joint venture in which the Company is a venturer, a member of the key management personnel of the Company or its parent, a close member of the family of Company's related party, an entity controlled, jointly controlled or significantly influenced by a key management personnel of the Company or close member of the family of Company's related party, and a post-employment benefit plan for the benefit of employees of the Company or its related party. Related parties may be individuals or corporate entities. Transactions between related parties are based on terms similar to those offered to nonrelated parties.

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the net income for the year attributable to common stockholders by the weighted average number of common stocks outstanding during the year, with retroactive adjustment for any stock dividends or stock splits declared during the year.

Diluted EPS is computed by dividing net income by the weighted average number of common stocks outstanding during the year, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the year, and adjusted for the effect of dilutive options.

Events After the Reporting Period

Post-year-end events that provide additional information about the Company's position at the statements of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed when material.

3. Significant Critical Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income 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 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.

Judgments

Determination Whether an Arrangement Contains a Lease

The Company assesses whether an arrangement contains a lease based on PFRS 16. The details of these lease agreements are disclosed in Note 24.

Company as a Lessor

The Company has entered into lease agreements as a lessor. The Company has determined that it retains all the significant risks and rewards of ownership of the property leased out on operating leases.

Rent income recognized in the statements of comprehensive income amounted to P6.6 million, P4.7 million and P8.0 million in 2021, 2020 and 2019, respectively (see Notes 20 and 24).

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Company did not include the renewal period as part of the lease term for leases of warehouse even though the Company typically exercises its option to renew for these leases because the Company does not have an enforceable right to extend the lease beyond the noncancellable period.

Distinction Between Investment Properties and Owner-occupied Properties

The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties consist of a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production of services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Company considers each property separately in making judgment.

The Company classifies all properties which have a portion that is earning rentals and another portion which are used in production of services or used in administrative purposes as owner-occupied properties based on the criterion above. In this case, such properties were included in the account "Property, plant and equipment".

Determining Functional Currency

Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the revenues and expenses of the Company.

Business Model Assessment

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

Significant Increase of Credit Risk

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The input to these models is taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility and correlation.

Determining the Fair Values of Financial Instruments

Where the fair values of financial assets and financial liabilities recorded on the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to this model are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon the Company's evaluation of relevant facts and circumstances as at the date of the financial statements. Actual results could differ from such estimates.

Assessment for ECL on Trade and Other Receivables

The Company, applying the simplified approach in the computation of the Company's ECL, initially uses a provision matrix based on historical default rates for trade and other receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience show significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade and other receivables is sensitive to changes in assumptions about forecasted economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The outstanding balance of allowance for ECL as at December 31, 2021 and 2020 amounted to P99.6 million (see Note 6).

Assessment for ECL on Other Financial Assets at Amortized Cost

The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and

- Actual or expected significant adverse changes in the operating results of the borrower.

The Company also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable banks and companies with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2021 and 2020. The carrying amounts of other financial assets at amortized cost are as follows:

	2021	2020
Cash in banks	P33,706,222	P77,868,201
Recoverable deposits	6,243,869	5,529,703
	P39,950,091	P83,397,904

Determination of NRV of Inventories

The Company writes down the cost of inventories whenever the NRV of inventories becomes lower than cost due to damage, physical deterioration, obsolescence, change in price levels or other causes. The Company reviews the lower of cost and NRV of inventories on a periodic basis. NRV represents the estimated future selling price of the product based on prevailing prices at the end of the reporting period, less estimated costs to complete production and bring the product to sale. NRV test for spare parts and supplies is also performed annually. The NRV of spare parts and supplies represents the current replacement cost. An increase in allowance for inventory obsolescence and market decline would increase recorded operating expense and decrease current assets.

As at December 31, 2021 and 2020, the cost of inventories is lower than its NRV. The carrying amount of inventories is P1,018.9 million and P1,205.7 million as at December 31, 2021 and 2020, respectively (see Note 7).

Estimated Useful Lives of Property, Plant and Equipment

The Company estimates the useful lives of property, plant and equipment based on the period over which the property, plant and equipment are expected to be available for use. The estimated useful lives of the property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment. In addition, the estimation of the useful lives of property, plant and equipment is based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the noncurrent assets.

The estimated useful lives and depreciation method are reviewed from time to time to ensure that these are consistent with the expected economic benefits of the property, plant and equipment.

The carrying values of property, plant and equipment amounted to P2,265.5 million and P2,358.4 million as of December 31, 2021 and 2020, respectively (see Note 9).

Impairment of Nonfinancial Assets Other than Goodwill

PFRS requires that an impairment review be performed when certain impairment indicators are present. This requires an estimation of the value in use of the cash-generating units to which the assets belong. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flow.

Determining the recoverable amount of property, plant and equipment, investment property and other nonfinancial assets, requires the determination of future cash flows expected to be generated from the continued use and ultimate disposal of such assets. Future event could cause management to conclude that assets associated with an acquired business are impaired. Any resulting impairment loss could have a material adverse impact on the Company's financial position and financial performance.

The preparation of estimated future cash flows involves significant estimations and assumptions. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the Company's assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

No reversal or impairment loss was recognized in 2021, 2020 and 2019.

Estimating Impairment Losses on Goodwill

Goodwill is tested for impairment annually in accordance to the accounting policy outlined in Note 2. The recoverable amounts of the individual assets or the CGUs have been determined based on the higher of fair value less costs to sell and value in use calculations which require the use of estimates.

Based on the impairment testing conducted, the recoverable amounts of the individual assets or the CGUs as at December 31, 2021 and 2020 is higher than their corresponding carrying amounts (including goodwill), therefore, no impairment loss was recognized in 2021 and 2020. The carrying amount of goodwill amounted to P5.0 million as at December 31, 2021 and 2020 (see Note 11).

Realizability of Deferred Tax Assets

Deferred tax assets are established for tax benefits related to deductible temporary differences, carry forward of unused MCIT and NOLCO. These assets are periodically reviewed for realization. Periodic reviews cover the nature and amount of deferred income and expense items, expected timing when assets will be used or liabilities will be required to be reported, reliability of historical profitability of businesses expected to provide future earnings and tax planning strategies which can be utilized to increase the likelihood that tax assets will be realized.

As at December 31, 2021 and 2020, net deferred tax assets amounted to P75.9 million and P100.5 million (see Note 25).

Estimating Contingencies

The Company evaluates legal and administrative proceedings to which it is involved based on analysis of potential results. Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings.

Retirement Benefits

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

The assumed discount rates were determined using the market yields on the Philippine government bonds with terms consistent with the expected employee benefit payout as of statements of financial position date.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Coronavirus of 2019 (COVID-19) Pandemic

The impact of COVID-19 to the Company's business is usually due to the interruption or disruptions of business operations. Despite the imposition of travel restrictions by the government, the operations of the Company remain fully operational to support the need of the public for reliable source of important news and announcements.

To ensure that ongoing impacts of COVID-19 have been appropriately reflected in the Company's financial statements, the Company has assessed the impact of COVID-19 on its assets and liabilities:

- The Company's best estimates of the potential future impact from COVID-19 pandemic are included in the forecast used for the impairment testing.
- The Company have been closely monitoring the collectability of accounts with customers. A material change in the provision for impairment of trade receivables has not been identified.
- The Company has also considered the increased uncertainty in determining key assumptions within the assessment of future taxable income of the Company upon which recognition of deferred tax assets is assessed, including forecast of revenue and expenses, among others.

The risks and the ongoing impacts of COVID-19 to its operations are continuously being monitored by the Company.

4. Financial Assets and Liabilities and Financial Management Objectives and Policies

The Company's financial instruments consist mainly of cash, trade and other receivables (except receivables from exchange deal transactions), recoverable deposits, trade and other payables (excluding statutory payables), loans payable, trust receipts payable and lease liability.

The main financial risk arising from the Company's use of financial instruments includes credit risk, foreign currency risk, liquidity risk and market risk. The Company's BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below:

Credit Risk

Credit risk is the risk that the third party will default on its obligation to the Company and cause the Company to incur financial loss. The Company's business policy aims to limit the amount of credit exposure to any individual client and financial institution. The Company has credit management policies in place to ensure that contracts are entered into with clients who have sufficient financial capacity and good credit history.

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry in which the customers operate, has less of an influence on credit risk. Approximately .001 percent of the Company's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Credit Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

At December 31, 2021 and 2020, the exposure to credit risk for trade and other receivables by type of counterparty are as follows:

	2021		
	Neither past due nor impaired	Past due but not impaired	Total
Third party	P521,252,423	P1,517,882,669	P2,039,135,092
Related parties	51,331,445	–	51,331,445
	P572,583,868	P1,517,882,669	P2,090,466,537

	2020		
	Neither past due nor impaired	Past due but not impaired	Total
Third party	P927,926,920	P1,203,403,311	P2,131,330,231
Related parties	62,871,132	–	62,871,132
	P990,798,052	P1,203,403,311	P2,194,201,363

The Company uses a provision matrix to calculate ECL for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and offsetting arrangements. The Company adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment (i.e., gross national income from real estate and construction industry). At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Aging Analysis of Trade and Other Receivables

	2021	2020
Less than 60 days	P180,551,168	P225,364,845
60 days - 1 year	392,032,700	765,433,207
1 - 3 years	1,304,248,370	959,212,741
beyond 3 years	213,634,299	244,190,570
	P2,090,466,537	P2,194,201,363

Other Financial Assets at Amortized Cost

The Company's other financial assets at amortized cost are composed of cash and recoverable deposits. The Company limits its exposure to credit risk by investing its cash only with banks that have good credit standing and reputation in the local and international banking industry. These instruments are graded in the top category by an acceptable credit rating agency and, therefore, are considered to be low credit risk investments.

For recoverable deposits, credit risk is low since the Company transacts with reputable Companies with respect to this financial assets.

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The table below presents the summary of the Company's exposure to credit risk and shows the credit quality of the assets by indicating whether the assets are subjected to 12-month ECL or lifetime ECL. Assets that are credit-impaired are separately presented.

2021				
Financial assets at amortized cost				
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks	P33,706,222	P–	P–	P33,706,222
Trade and other receivables				
Third party	1,514,940,018	–	–	1,514,940,018
Related parties	51,331,445	–	–	51,331,445
Others	165,210,165	–	–	165,210,165
Recoverable deposits	6,243,869	–	–	6,243,869
	P1,771,431,719	P–	P–	P1,771,431,719

2020				
Financial assets at amortized cost				
	12-month ECL	Lifetime ECL – not credit impaired	Lifetime ECL – credit impaired	Total
Cash in banks	P77,868,201	P–	P–	P77,868,201
Trade and other receivables				
Third party	1,719,805,494	–	–	1,719,805,494
Related parties	62,871,132	–	–	62,871,132
Others	160,414,307	–	–	160,414,307
Recoverable deposits	5,529,703	–	–	5,529,703
	P2,026,488,837	P–	P–	P2,026,488,837

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk. BOD actively monitors these exposures, as follows:

Foreign currency risk

The BOD reviews and agrees policies for this risk by maintaining foreign currency exposure within acceptable limits. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits.

Information on the Company's foreign currency-denominated deposit and its Philippine peso equivalent:

	2021		2020	
	Foreign currency	Peso equivalent	Foreign currency	Peso equivalent
US dollar (USD)	18,110	P919,517	64,840	P3,114,247

With the translation of this foreign currency-denominated asset, the Company reported net unrealized foreign exchange gain of P10,409 in 2021 and P15,580 in 2020. These resulted from the movements of the Philippine peso against the following foreign currency exchange rates:

	2021	2020
USD	P50.774	P48.030

The analysis below is performed for the effect of a reasonable possible movement of the currencies against the Philippine peso with all other variables held constant on the Company's excess of receipts over expenses:

Currency	Philippine Peso depreciation (appreciation)	Impact on excess of receipts over expenses	
		2021	2020
USD	+3%	P543	P1,945
USD	-3%	(543)	(1,945)

The change in currency rate is based on the Company's best estimate of expected change considering historical trends and experiences. Positive change in currency reflects a stronger peso against foreign currency. On the other hand, a negative change in currency rate reflects a weaker peso against foreign currency.

Equity price risk

Equity price risk is the risk that the Company will incur economic losses due to adverse changes in a particular stock index. The Company's equity price risk arises from its financial assets at FVOCI.

The Company's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

Interest rate risk

The Company's exposure to the risk for changes in market interest rates relates primarily to the Company's interest-bearing payables to local financial institutions with fixed interest rates. Exposure of the Company to changes in the interest rates is not significant.

There is no other impact on the Company's equity other than those already affecting the statements of comprehensive income.

Liquidity Risk

Liquidity risk is a risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting projected cash flows and maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements. BOD closely monitors the Company's future and contingent obligations and set up required cash reserves as necessary in accordance with internal requirements.

The table below analyzes the financial assets and financial liabilities of the Company into their relevant maturity groups based on the remaining period at the statements of financial position dates to their contractual maturities or expected repayment dates:

As at December 31, 2021	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash	P45,784,437	P-	P-	P-	P-	P45,784,437
Trade and other receivables						
Trade						
Third party	1,514,940,018	-	-	-	-	1,514,940,018
Related parties	51,331,445	-	-	-	-	51,331,445
Others	165,210,165	-	-	-	-	165,210,165
Other noncurrent assets						
Recoverable deposits	-	6,243,869	-	-	-	6,243,869
Investment in club shares						
shares	-	-	-	-	315,000	315,000
	P1,777,266,065	P6,243,869	P-	P-	P315,000	P1,783,824,934
Financial liabilities:						
Trade and other payables						
Trade	P544,882,827	P-	P-	P-	P-	P544,882,827
Accrued expenses	51,247,416	-	-	-	-	51,247,416
Trust receipts payable						
payable	-	-	-	-	-	0
Loans payable	437,900,000	1,000,000,000	-	-	-	1,437,900,000
Lease liability	296,965	P-	-	-	-	296,965
	P1,034,327,208	P1,000,000,000	P-	P-	P-	P2,034,327,208

As at December 31, 2020	Up to a year	1-3 years	3-5 years	Over 5 years	No term	Total
Financial assets:						
Cash	P96,654,718	P-	P-	P-	P-	P96,654,718
Trade and other receivables						
Trade						
Third party	1,719,805,494	-	-	-	-	1,719,805,494
Related parties	62,871,132	-	-	-	-	62,871,132
Others	160,414,307	-	-	-	-	160,414,307
Other noncurrent assets						
Recoverable deposits	-	5,529,703	-	-	-	5,529,703
Investment in club shares						
shares	-	-	-	-	315,000	315,000
	P2,039,745,651	P5,529,703	P-	P-	P315,000	P2,045,590,354
Financial liabilities:						
Trade and other payables						
Trade	P862,551,111	P-	P-	P-	P-	P862,551,111
Accrued expenses	55,587,146	-	-	-	-	55,587,146
Trust receipts payable						
payable	32,857,625	-	-	-	-	32,857,625
Loans payable	530,062,021	1,000,000,000	-	-	-	1,530,062,021
Lease liability	534,071	340,602	-	-	-	874,673
	P1,481,591,974	P1,000,340,602	P-	P-	P-	P2,481,932,576

Financial Assets and Financial Liabilities

The following table presents the carrying amounts and fair values of the Company's assets measured at fair value and asset and liability for which fair value is disclosed and the corresponding fair value hierarchy:

2021				
	Carrying amounts	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Cash	P45,784,437	P-	P45,784,437	P-
Trade and other receivables				
Trade				
Third party	1,514,940,018	-	-	1,514,940,018
Related parties	51,331,445	-	-	51,331,445
Others	165,210,165	-	-	165,210,165
Other noncurrent assets				
Recoverable deposits	6,243,869	-	-	6,243,869
Investment in club shares	315,000	315,000	-	-
	P1,783,824,934	P315,000	P45,784,437	P1,737,725,497
Financial liabilities:				
Trade and other payables				
Trade	P544,882,827	P-	P-	P544,882,827
Accrued expenses	51,247,416	-	-	51,247,416
Trust receipts payable	-	-	-	-
Loans payable	1,437,900,000	-	-	1,437,900,000
Lease liability	296,965	-	-	296,965
	P2,034,327,208	P-	P-	P2,034,327,208
2020				
	Carrying amounts	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Cash	P96,654,718	P-	P96,654,718	P-
Trade and other receivables				
Trade				
Third party	1,719,805,494	-	-	1,719,805,494
Related parties	62,871,132	-	-	62,871,132
Others	160,414,307	-	-	160,414,307
Other noncurrent assets				
Recoverable deposits	5,529,703	-	-	5,529,703
Investment in club shares	315,000	315,000	-	-
	P2,045,590,354	P315,000	P96,654,718	P1,948,620,636
Financial liabilities:				
Trade and other payables				
Trade	P862,551,111	P-	P-	P862,551,111
Accrued expenses	55,587,146	-	-	55,587,146
Trust receipts payable	32,857,625	-	-	32,857,625
Loans payable	1,530,062,021	-	-	1,530,062,021
Lease liability	874,673	-	-	874,673
	P2,481,932,576	P-	P-	P2,481,932,576

Assumption used to estimate fair values

The carrying amounts of cash, trade and other receivables, recoverable deposits, trade and other payables and trust receipts payable approximate their fair values due to the short-term maturities of the financial assets and financial liabilities.

Fair Value Hierarchy

The Company uses the following hierarchy for determining the fair value of financial assets and liabilities:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 - Inputs are unobservable inputs for the asset or liability

There were no reclassifications made between the different fair value hierarchy levels in 2021 and 2020.

Capital Management

The primary objective of the Company's capital management policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The BOD monitors both the return on equity, which defines as total shareholders' equity, and the level of dividends to ordinary shareholders.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using the gearing ratio of debt to equity and net debt to equity. Debt consists of trust receipts payable, short-term loans payable, and long-term debt. Net debt includes trust receipts payable, short-term loans payable, and long-term debt less cash. The Company considers as capital the equity attributable to equity holders of the Company.

	2021	2020
Trust receipts payable	P-	P32,857,625
Short-term loans	437,900,000	530,062,021
Long-term debt	1,000,000,000	1,000,000,000
Total debt	1,437,900,000	1,562,919,646
Less cash	45,784,437	96,654,718
Net debt	P1,392,115,563	P1,466,264,928
Equity	P3,586,661,347	P3,560,322,484
Debt to equity	40%	44%
Net debt to equity	39%	41%

The Company's target is to maintain its debt to equity ratio of 45% and net debt to equity ratio of 43%. The target is to be achieved by managing the Company's level of borrowings and dividend payments to shareholders.

The Company is not subjected to externally-imposed capital requirements.

The Company's target debt equity ratio is 45% in 2021 and 2020. The target net debt to equity ratio of the Company is 43% in 2021 and 2020.

5. Cash

This account consists of:

	2021	2020
Cash on hand	P12,078,215	P18,786,517
Cash in banks	33,706,222	77,868,201
	P45,784,437	P96,654,718

Cash on hand pertains to petty cash fund and revolving fund. Cash in banks earns interest at prevailing bank deposit rates.

Interest income earned from cash in banks, presented in the statements of comprehensive income, amounted to P22,002, P23,127, and P15,971 in 2021, 2020 and 2019, respectively (see Note 22). As at December 31, 2021 and 2020, cash in bank includes foreign currency-denominated deposit amounting to US\$18,110 and US\$64,840, respectively (see Note 4).

6. Trade and Other Receivables

This account consists of:

	2021	2020
Trade receivables		
Third party	P1,614,564,351	P1,819,429,827
Related party (Note 17)	51,331,445	62,871,132
Total	1,665,895,796	1,882,300,959
Receivable from ex-deal transactions	259,360,576	151,486,097
Others	165,210,165	160,414,307
Total	2,090,466,537	2,194,201,363
Less allowance for ECL	(99,624,333)	(99,624,333)
	P1,990,842,204	P2,094,577,030

Trade receivables are noninterest bearing and generally on a 60 to 120-day credit term. All provincial circulations are covered by post-dated checks.

The aging of receivables are as follows:

	2021	2020
<60 days	P180,551,168	P225,364,845
60 days - 1 year	392,032,700	765,433,207
1 - 3 years	1,304,248,370	959,212,741
beyond 3 years	213,634,299	244,190,570

Exchange deal transactions pertain to contracts with customers wherein advertising services are provided in exchange for goods or other items with valuable consideration. The advertising services provided by the Company approximate the fair value of the assets to be received.

Other receivables are receivables from other revenues generated from commercial printing, credit card transactions, sale of scrap newspaper, and sale of spoiled newspaper, which are collected within one year.

The Company evaluates the possibility of losses that may arise out of the non-collection of receivables using a provision matrix based on historical default rates. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Company also uses appropriate groupings if its historical credit loss experience show significantly different loss patterns for different customer segments. The Company then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions. Allowance for ECL relates to trade and other receivables. Changes in the allowance for ECL as at December 31, 2021, 2020 and 2019 are as follows:

	2021	2020	2019
Beginning	P99,624,333	P98,018,556	P96,034,165
Provisions (Note 21)	99,387,847	108,403,776	120,144,484
Write-off	(99,387,847)	(106,797,999)	(118,160,093)
Ending	P99,624,333	P99,624,333	P98,018,556

Receivables other than those identified as impaired, are assessed by the management as good and collectible.

No receivables were used as collateral to any of the Company's liabilities in 2021 and 2020.

7. Inventories

This account consists of:

	2021	2020
Newsprint	P821,977,310	P985,937,328
Printing materials, supplies and spare parts	204,018,174	226,844,336
Total	1,025,995,484	1,212,781,664
Less allowance for impairment loss on inventories	7,068,324	7,068,324
	P1,018,927,160	P1,205,713,340

The inventories are carried at lower of cost and net realizable value.

The following are the movements of allowance for impairment loss:

	2021	2020	2019
Beginning	P7,068,324	P7,068,324	P7,068,324
Provisions	-	-	-
Ending	P7,068,324	P7,068,324	P7,068,324

Inventories charged to cost of sales and services amounted to P219.1 million, P216.5 million, P845.9 million for the years ended December 31, 2021, 2020 and 2019 respectively (see Note 19).

Inventories in transit are used as security for the outstanding trust receipts payable with the bank until the obligation is paid. Theoretically, the title to or ownership of the inventories covered by Trust Receipt Agreements remains with the bank until the trust receipts payables are paid in full.

8. Other Current Assets

This account consists of:

	2021	2020
Prepaid airfreight	P72,379,946	P72,379,946
Prepaid expenses	15,779,236	12,726,613
Prepaid postage	4,441,438	4,441,438
Prepaid insurance	1,314,053	4,035,833
Prepaid interest (Note 15)	911,290	–
Others	9,320,403	12,513,455
	P104,146,366	P106,097,285

Prepaid airfreight resulted from an exchange-deal transaction with Philippine Air Lines and Air Philippines Corporation amounting to P34.8 million and P37.1 million, respectively. The parties agreed that all outstanding receivables from Philippine Air Lines and Air Philippines will be paid through this exchange deal transaction.

Prepaid expenses and others include prepayments of stationary and office supplies, repairs and maintenance, and taxes and licenses.

9. Property, Plant and Equipment

This account consists of:

	2020	Additions/ Reclassification	Disposal / Reclassification	2021
Cost:				
Land	P185,215,916	P15,925,120	(P26,030,263)	P175,110,773
Buildings	624,793,753	–	(20,279,317)	604,514,436
Leasehold improvements	21,033,365	–	(590,909)	20,442,456
Machineries, tools and equipment	3,226,451,417	477,355	(11,800,738)	3,215,128,034
Furniture, fixtures and equipment	911,811,658	75,569	–	911,887,227
Transportation equipment	82,526,447	–	–	82,526,447
	5,051,832,556	16,478,044	(58,701,227)	5,009,609,373
Less accumulated depreciation:				
Buildings	189,976,512	5,601,698	(4,235,382)	191,342,828
Leasehold improvements	19,292,999	350,165	(227,500)	19,415,664
Machineries, tools and equipment	1,543,809,656	45,500,954	–	1,589,310,610
Furniture, fixtures and equipment	864,350,368	2,951,895	–	867,302,263
Transportation equipment	76,032,340	911,770	–	76,944,110
	2,693,461,875	55,316,482	(4,462,882)	2,744,315,475
	P2,358,370,681			P2,265,293,898

	2019	Additions/ Reclassification	Disposal / Reclassification	2020
Cost:				
Land	P185,215,916	P-	P-	P185,215,916
Buildings	620,293,753	4,500,000	-	624,793,753
Leasehold improvements	19,233,365	1,800,000	-	21,033,365
Machineries, tools and equipment	3,224,786,207	1,665,210	-	3,226,451,417
Furniture, fixtures and equipment	910,318,980	1,492,678	-	911,811,658
Transportation equipment	81,699,661	826,786	-	82,526,447
	<u>5,041,547,882</u>	<u>10,284,674</u>	<u>-</u>	<u>5,051,832,556</u>
Less accumulated depreciation:				
Buildings	181,021,224	8,955,288	-	189,976,512
Leasehold improvements	18,916,605	376,394	-	19,292,999
Machineries, tools and equipment	1,479,414,998	64,394,658	-	1,543,809,656
Furniture, fixtures and equipment	859,166,524	5,183,844	-	864,350,368
Transportation equipment	74,824,000	1,208,340	-	76,032,340
	<u>2,613,343,351</u>	<u>80,118,524</u>	<u>-</u>	<u>2,693,461,875</u>
	<u>P2,428,204,531</u>			<u>P2,358,370,681</u>

The depreciation on property, plant and equipment are charged to the following:

	2021	2020	2019
Cost of sales and services (Note 19)	P38,721,537	P56,082,967	P43,766,756
Operating expenses (Note 21)	16,594,945	24,035,557	18,757,181
	<u>P55,316,482</u>	<u>P80,118,524</u>	<u>P62,523,937</u>

All fully depreciated property, plant and equipment amounting to P18.8 million in 2021 and 2020, respectively, are still in use and not retired from active use.

Property, plant and equipment with a carrying value of P552.9 million and P569.8 million as at December 31, 2021 and 2020, respectively were mortgaged as collateral to secure a loan (see Note 15).

No impairment loss was recognized in 2021 and 2020.

10. Investment Property

Investment property pertains to a land located in Sta. Rosa, Laguna which is being held for capital appreciation and future development.

Movement of this account is as follows:

	2021	2020
Balance at beginning of year	P94,808,970	P94,808,970
Additions	-	-
Balance at end of year	<u>P94,808,970</u>	<u>P94,808,970</u>

No operating income was recognized from the investment property in 2021 and 2020.

Direct operating expenses incurred under 'taxes and licenses' amounted to P0.1 million for 2021, 2020 and 2019.

There are no restrictions on the remittance of income and no contractual obligations to purchase, construct or develop investment properties for repairs, maintenance or enhancement as at December 31, 2021 and 2020.

The investment property is not pledged as security for liabilities as at December 31, 2021 and 2020. There is also no impairment loss recognized as of December 31, 2021 and 2020.

Measurement of fair value

In 2017, the fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property of P130.85 million has been categorized at a Level 3 fair value based on the inputs to the valuation technique used (see Note 2). There were no transfers between Levels 1 and 2 during the year.

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation Technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<i>Market Data Approach</i>		
Fair value is determined based on the sales and listings of comparable property registered in the vicinity	Asking price per square meter (P15,000)	The higher the price of comparable properties, the higher the fair market value

11. Goodwill

On July 1, 2005, the Company recognized goodwill from acquisition of Tagalog daily newspaper, Balita, and weekly vernacular magazines, Liwayway, Bisaya, Hiligaynon and Bannawag including their trade names from Liwayway Publishing, Inc. at cost, which amounted to P5 million. This asset is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The movement of this account is as follows:

	2021	2020
Balance at beginning of year	P5,000,000	P5,000,000
Accumulated impairment	-	-
Balance at end of year	P5,000,000	P5,000,000

Based on the impairment testing conducted, the recoverable amounts of the individual assets or the CGUs as at December 31, 2021 and 2020 is higher than their corresponding carrying amounts (including goodwill).

No impairment loss on goodwill was recognized in 2021, 2020 and 2019.

12. Other Noncurrent Assets

This account consists of:

	2021	2020
Recoverable deposits	P6,243,869	P5,529,703
Rental deposits	4,500,368	5,064,261
Investment in club shares	315,000	315,000
Others	92,163,152	90,291,653
	P103,222,389	P101,200,617

Recoverable deposits represent deposits made for advertisement booking biddings entered into by the Company and performance bonds. The deposits are recoverable in cash.

Rental deposits represent deposits for operating leases entered into by the Company as lessee. The security deposits will be applied to unpaid rent at the end of the lease terms.

Investment in club shares represents the Company's investment in various membership clubs. The Company's investment in club shares is classified as equity instrument designated at FVOCI as at December 31, 2021 and 2020. Details of this account are as follows:

	2021	2020
Quezon City Sports Club, Inc.	P210,000	P210,000
Montemar Beach Club	40,000	40,000
Metropolitan Equestrian and Country Club Incorporated	35,000	35,000
Philippine Columbian Association	30,000	30,000
Total	P315,000	P315,000

Other assets consist mainly of land, other properties, gift certificates, and various products acquired as payments for receivables from ex-deal transactions. As at December 31, 2021 and 2020, these properties are classified under other noncurrent asset account pending disposal, and are measured at lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale. Cost is recognized as the fair market value at the time of the execution of ex-deal contracts, which should not be higher than the appraised values of the properties. In determining the recoverability of the assets, management considers whether those assets are damaged or if the selling price has declined. Also, management considers whether the estimated costs to be incurred have increased. The excess of the cost over the NRV is recognized as provision for write-down of assets in the statements of comprehensive income. Assets under this classification are not subject to depreciation.

Management believes that the carrying amounts will be recovered principally through a sale transaction. The sale of these assets is not probable within a 12-month period.

A gain for any subsequent increase in the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale of an asset can be recognized in profit or loss to the extent that it is not in excess of the cumulative impairment loss.

An extension of the period required to complete the sale does not preclude an asset from being classified as such if the delay is caused by events or circumstances beyond the control of the Company and there is sufficient evidence that the Company remains committed to its plan to sell the assets.

13. Trade and Other Payables

This account consists of:

	2021	2020
Trade	P544,882,827	P862,551,111
Deferred output VAT	79,552,128	78,970,438
Accrued expenses	51,247,416	55,587,146
Premiums payable	11,798,677	18,862,086
Output VAT	1,104,769	3,241,901
Withholding taxes payable	2,240,809	609,677
	P690,826,626	P1,019,822,359

Trade payables pertain to unpaid billings to suppliers of raw materials which are normally settled within ninety (90) days. Trade payables do not bear any interest.

Deferred output VAT pertains to vatable sales which are not collected as at December 31, 2021 and 2020. They are expected to be remitted to the government (net of input VAT) immediately upon collection of related receivables which are expected to be settled within 12 months.

Accrued expenses consist mainly of accruals for salaries and commissions to agents which are normally settled in the next financial year.

Premium payables pertain to SSS, HDMF, healthcare, housing and other loans of the Company's employees.

14. Trust Receipts Payable

This account represents payables related to the importation of newsprint materials, which are released to the Company under Trust Receipts (TR) Agreements (the 'Agreement') with a bank. Under the Agreement, title to or ownership of the assets covered by the Agreements theoretically remains with the Bank until the TR payables are fully paid. The inventory of newsprint materials, which is the major component in the production of newspapers and magazines, is maintained at a level that approximates the corresponding level of the TR obligation. The TR payables, which are due from 25 to 152 days, carry interest rate that ranges from in 5.3% to 5.6% in 2021 and 2020.

As at December 31, 2021 and 2020, trust receipts payable amounted to nil and P32.9 million, respectively.

Interest expense recognized in the statements of comprehensive income amounted to P0.2 million, P3.0 million and P5.0 million in 2021, 2020 and 2019, respectively (see Note 22).

15. Loans Payable

This account consists of:

	2021	2020
Short-term loans	P437,900,000	P530,062,021
Long-term loans	1,000,000,000	1,000,000,000
	P1,437,900,000	P1,530,062,021

The movements in this accounts are as follows:

	2021	2020
Balance, beginning of year	P1,530,062,021	P1,518,800,000
Availments	437,900,000	671,262,021
Payments	(530,062,021)	(660,000,000)
Balance, end of year	P1,437,900,000	P1,530,062,021

Short-term loans

Short-term loans payable pertains to unsecured loans availed from various local banks which bear interest ranging from 2.5% to 6.25% in 2021 and 5.0% to 5.6% in 2020.

These loans have maturities of less than one (1) year.

Interest from these loans amounted to P54.0 million, P33.1 million and P26.1 million in 2021, 2020 and 2019, respectively (see Note 22).

Long-term loans

This pertains to a 5-year term loan availed from Philippine Trust Company (Philtrust Bank), a related party, which bears interest of 5.15% payable in lump-sum basis amounting to P800.0 million on December 31, 2020 and the remaining balance of P200.0 million on December 31, 2021. As of December 31, 2020, the request of the Company to renew the term loan for another 5 years was approved by Philtrust Bank.

Proceeds of the loans were used to finance the expansion of production facilities and for working capital requirements.

Total interest expense recognized in the statements of comprehensive income amounted to P56.0 million, P45.2 million and P58.2 million in 2021, 2020 and 2019, respectively (see Note 22).

Covenants

The Company is required to comply with certain loan covenants, including maintenance of certain financial ratios at the year end of every financial year. As at December 31, 2021 and 2020, the Company is in compliance with the loan covenant.

In case of default in the payment of any installment and/or interest and/or other charges on the loans, as and when the same become due and payable, the entire principal, interest and other charges shall immediately become due and payable. As penalty for delinquency, 2% per month based on outstanding balance including unpaid interest and other charges will be computed from the date of default until full payment of the obligation. During 2021 and 2020, the Company has no default in any loan payment including the interest and breaches with loan agreements.

The maturities of loans payable at nominal values as at December 31, 2021 and 2020 follow:

Year	Description	Interest rates	Within 1 year	More than 1 year but less than 3 years	More than 3 years	Total
2021	Term loans	5.15%	P437,900,000	P1,000,000,000	P-	P1,437,900,000
2020	Term loans	5.15%	530,062,021	1,000,000,000	P-	1,530,062,021

Portions of machineries and equipment with total carrying value of P552.9 million and P569.8 million as of December 31, 2021 and 2020, respectively are used as collateral for this loan.

The details of machineries and equipment pledged as security on loans payable follows (see Note 9):

	2021	2020
Cost	P844,677,850	P844,677,850
Accumulated depreciation	(291,806,072)	(274,912,514)
	P552,871,778	P569,765,336

16. Equity

Share capital

The details are as follows:

	2021	2020
Authorized 6,000,000,000 common shares par value at P1 per share	6,000,000,000	6,000,000,000
Issued and subscribed	3,475,463,722	3,475,463,722
Treasury shares	16,347,977	16,347,977

Track record of registration:

Date	Authorized shares	Number of Shares Issued	Issue Price
1990	500,000,000	262,500,000	P1
1991	500,000,000	128,175,350	1
1995	1,500,000,000	381,350,700	1
1998	900,000,000	227,973,950	1
2000	1,600,000,000	409,324,650	1
2001	-	175,000,000	1
2003	-	94,500,000	1
2004	-	200,500,000	1
2005	-	187,000,000	1
2006	-	308,550,000	1
2007	1,000,000,000	250,000,000	1
2008	-	261,555,000	1
2009	-	143,855,250	1
2013	-	151,048,012	1
2014	-	95,160,248	1
2015	-	98,015,055	1
2016	-	100,955,507	1
	6,000,000,000	3,475,463,722	

Treasury Shares

As at December 31, 2021 and 2020, treasury shares amounted to P16.3 million. This is equivalent to 9.3 million shares of the outstanding shares.

17. Related Party Transactions

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

The Company, in the normal course of business, has provided and/or received advances, services and/or goods to and from related parties. The related party transactions were made at terms equivalent to those that prevail in arm's length transactions. The following are the details of related party transactions:

	Year	Classification	Terms and Condition	Allowance for bad debts/ Bad debts for the year	Amount of the Transaction (in millions)	Outstanding Balance (in millions)
<i>Parent Company</i>						
US Automotive	2021	Rent expense (Notes 19 and 21)	Lease term is for one (1) year period and renewable annually upon mutual agreement of the parties	none	P9.71	P1.45
	2020				9.12	-
<i>Other Related Parties</i>						
Philippine Trust Bank	2021	Trade and other receivables (Note 6)	Advertising rates charged are the same as charged to regular customers	none	2.76	27.42
	2020				2.70	34.82
	2021	Rent expense (Notes 19 and 21)	Lease term is for one (1) year, period and renewable annually upon mutual agreement by the parties	none	-	-
	2020				0.51	-
	2021	Loans payables (Note 15)	Payable in lump-sum; 3.5% interest rate payable in advance every 30 days	none	1,000.00	1,000.00
	2020				-	1,000.00
	2021	Interest expense (Note 15)	Payable in lump-sum; 5.15% interest rate payable in advance every 30 days	none	28.32	-
	2020				45.20	-
	2021	Cash in bank (Note 5)	Earns interest at prevailing bank deposit rates; unimpaired; and unrestricted as to withdrawals	none	16.75	16.75
	2020				50.62	50.62
Philtrust Realty Corporation	2021	Trade and other receivables (Note 6)	Advertising rates charged are the same as charged to regular customers	none	3.48	15.05
	2020				3.89	19.18
Euro-Med Laboratories Phil, Inc.	2021	Trade and other receivables (Note 6)	Advertising rates charged are the same as charged to regular customers	none	1.49	1.91
	2020				1.72	1.65
Manila Hotel	2021	Trade and other receivables (Note 6)	Advertising rates charged are the same as charged to regular customers;	none	0.10	6.84
	2020				0.41	6.84
Centro Escolar University	2021	Trade and other receivables (Note 6)	Advertising rates charged are the same as charged to regular customers	none	0.78	0.11
	2020				1.08	0.37
Advances to Officers and employees	2021	Prepaid benefit cost (Note 23)	Noninterest-bearing, unimpaired	none	-	9.16
	2020				-	9.16

Significant related party transactions include the following:

- a) The Company is leasing its warehouse at PPL Building, United Nations Avenue corner San Marcelino Street, Manila from US Automotive Co., Inc. (US Automotive) a majority stockholder of the Company. The lease is for one (1) year period and is being renewed annually subject to mutual agreement of the parties. The Company has outstanding lease payable of P701,308 and nil as at December 31, 2021 and 2020, respectively. There are no other on-going contractual or other commitments as a result of the arrangement.
- b) The Company is leasing its selected office branch to Philtrust Bank, an affiliate. The lease is for one (1) year period and is being renewed annually subject to mutual agreement of the parties. There are no outstanding lease payable as at December 31, 2021 and 2020. All lease contracts with Philtrust Bank are terminated as at December 31, 2020 due to closure of some of the Company's branches.
- c) The Company also engages in regular bank transactions with Philtrust Bank.
- d) The Company provides advertising services to its affiliates under regular term of service. No impairment as to collectivity were recognized on receivables to affiliates.

There are no parties that fall outside the definition of "related parties" with whom the Company or its related parties have a relationship that enables the parties to negotiate terms of material transactions that may not be available from other, more clearly independent parties at an arm's length basis.

Compensation of Key Management Personnel

The compensation of the Company's directors is stipulated in the By-Laws of the Company which is 3% of the yearly net profits before payment of income tax is distributed among them in proportion to the number of regular special meetings of the BOD actually attended by each. The Company does not enter into an employment/management contract with any of its executive officers. The Company maintains retirement plan for all regular officers and employees. Retirement computations are the same both for executives and rank and file employees. There are no outstanding warrants or options held by directors and officers.

The summary of compensation of key management personnel of the Company are as follows:

	2021	2020
Short-term benefits	P47,421,979	P64,725,196
Post-employment benefits	70,411,752	74,938,562
	P117,833,731	P139,663,758

There are no advances made to/from related party which are interest-bearing or noninterest-bearing.

Transactions with Retirement Plans

Under PFRS, certain post-employee benefit plans are considered related parties. The Company's retirement plan is maintained in a separate bank account which is being administered by the Company's treasurer. The fund consists of the following:

	2021	2020
Retirement fund account	P143,791,055	P140,582,976
Advances to officers and employees	9,155,714	9,155,714
	P152,946,769	P149,738,690

The Company's contributions in retirement benefit amounted to P21.0 million in 2021 and P19.4 million in 2020 (see Note 23).

18. Net Sales

This account consists of:

	2021	2020	2019
Advertising	P377,076,228	P478,821,203	P918,010,589
Circulation	399,785,670	411,081,235	866,982,819
	776,861,898	889,902,438	1,784,993,408
Less sales returns and discount	40,312,425	25,394,285	161,293,286
	P736,549,473	P864,508,153	P1,623,700,122

19. Cost of Sales and Services

This account consists of:

	2021	2020	2019
Newsprint, ink and press supplies (Note 7)	P219,061,313	P216,496,770	P845,929,834
Salaries and employee benefits (Note 23)	109,730,904	119,108,752	143,340,878
Communication, light and water	50,717,436	53,236,318	56,181,566
Depreciation expense (Note 9)	38,721,537	56,082,967	43,766,756
Features purchased and news services	22,540,661	16,143,160	22,494,477
Security and janitorial	22,183,196	29,738,469	41,892,803
Taxes and licenses	14,974,601	14,049,719	760,826
Transportation and travel	12,912,443	7,764,364	18,198,751
Rentals (Notes 17 and 24)	7,561,998	9,094,565	7,841,998
SSS and Pag-ibig premiums	6,528,136	6,479,892	4,084,321
Freight and handling charges	5,310,675	16,982,242	36,637,710
Insurance	5,188,933	3,336,628	3,443,488
Gas and oil	4,961,685	4,445,697	6,204,059
Professional fees	4,481,632	5,231,571	4,659,933
Advertising and promotions	4,236,754	10,211,438	4,550,704
Stationery and office supplies	2,728,926	2,295,316	6,879,962
Repairs and maintenance	2,172,471	24,617,999	16,677,211
Membership dues and subscriptions	55,110	33,330	80,379
Entertainment and representation	2,410	26,152	86,404
Others	594,476	14,229,423	11,851,195
	P534,665,297	P609,604,772	P1,275,563,255

20. Other Operating Income

This account consists of:

	2021	2020	2019
Printing services	P18,325,445	P22,915,176	P12,190,840
Sale of spoiled newspaper	8,253,977	5,836,264	21,679,519
Royalty income (Note 24)	7,162,745	437,554	591,261
Sale of scrap newspaper	6,748,196	3,536,812	5,531,069
Rental income (Note 24)	6,631,255	4,712,136	8,013,265
Income from notarization	709,458	210,419	546,895
Income from events and others	496,687	287,378	2,550,466
Miscellaneous	2,887,965	8,223,099	90,969,178
	P51,215,728	P46,158,838	P142,072,493

Miscellaneous income includes revenue from additional price that the Company charges for special designs, colors and borders of advertisement.

21. Operating Expenses

This account consists of:

	2021	2020	2019
Provision for ECL (Note 6)	P99,387,847	P108,403,776	P120,144,484
Salaries and employee benefits (Note 23)	36,576,967	38,677,303	93,855,677
Depreciation (Note 9)	16,594,945	24,035,557	18,757,181
Taxes and licenses	6,423,980	6,060,767	14,455,695
Communication, light and water	5,016,009	5,145,961	19,513,382
Documentary stamps	4,419,697	4,051,141	4,072,867
Professional fees	3,624,792	2,553,974	3,733,530
SSS and Pag-ibig premiums	2,666,422	2,662,745	4,084,322
Insurance	2,223,828	1,429,984	1,475,781
Commission	2,060,563	4,279,412	6,423,661
Security and janitorial	1,167,536	1,455,174	6,259,844
Stationery and office supplies	976,519	841,642	2,530,857
Gas and oil	945,082	837,922	2,787,331
Freight and handling charges	937,178	2,992,390	15,701,876
Membership dues and subscriptions	863,397	522,172	1,259,269
Rentals (Notes 17 and 24)	853,695	1,040,528	3,360,856
Advertising and promotions	633,078	1,519,188	40,956,333
Amortization of ROU asset (Note 24)	265,640	420,667	106,938
Charitable contributions	227,599	349,000	920,000
Entertainment and representation	21,681	235,103	777,640
Repairs and maintenance	-	-	2,614,717
Others	13,910	2,890	1,261,402
	P185,900,365	P207,517,296	P365,053,643

22. Other Income (Expenses)

This account consists of:

	2021	2020	2019
Gain on sale on asset held for sale	P21,862,392	P8,783,741	P-
Interest income (Note 5)	22,002	23,127	15,971
Unrealized foreign exchange gain (loss)	10,409	15,580	(2,693)
Realized foreign exchange gain	-	-	41
Interest expense (Notes 14, 15 and 24)	(56,215,699)	(81,291,124)	(89,319,488)
	(P34,320,896)	(P72,468,676)	(P89,306,169)

23. Retirement Benefits

The Company has a funded, non-contributory retirement plan, administered by a common retirement trustee, covering its employees on regular status. Retirement benefits are provided for under the Collective Bargaining Agreement (CBA). Pertinent provision of the Agreement provides for, the payment of gratuity benefits based on the longevity of service to resigned employees. However, under Section 4, Article X of the agreement, the Company at its option, may retire any employee or worker who had rendered at least 20 years of service or had reached the age of 60 years on his birthday by paying him full benefits provided in Section 1 of the same Article.

The Company set up a fund to fully cover the estimated liability for retirement benefits. As a result, the Company maintains a separate bank account exclusively for the purpose of the plan.

All officers and regular employees are allowed to borrow from the retirement fund. The Treasurer of the Company oversees the management of the said retirement fund.

Prepaid (accrued) benefit liability is based on the actuarial valuation report as at December 31, 2020.

Net benefit expenses included in "Salaries and employee benefits" recognized in the statements of comprehensive income are as follows:

	2021	2020	2019
Current service cost	P9,604,146	P8,446,465	P7,740,328
Interest cost	6,193,275	9,303,199	10,217,516
Interest income on plan assets	(5,540,332)	(9,365,280)	(13,268,798)
Balance at end of year	P10,257,089	P8,384,384	P4,689,046

The amounts recognized in the Company's statements of financial position are as follows:

	2021	2020
Fair value of plan assets	P152,946,769	P149,738,690
Present value of obligation	140,672,384	167,385,812
Accrued benefit obligation	P12,274,385	(P17,647,122)

The movements in the present value of the obligation are presented below:

	2021	2020
Balance at beginning of year	P167,385,812	P162,432,026
Current service cost	9,604,146	9,303,199
Interest cost	6,193,275	8,446,465
Actuarial loss	(19,221,248)	21,570,093
Benefits paid by the plan	(23,289,601)	(34,365,971)
Balance at end of year	P140,672,384	P167,385,812

The movements in the fair value of plan assets are presented below:

	2021	2020
Balance at beginning of year	P149,738,690	P180,101,529
Contributions paid into the plan	18,944,743	19,367,652
Benefits paid by the plan	(23,289,601)	(34,365,971)
Interest income	5,540,332	9,365,280
Remeasurement losses	2,012,605	(24,729,800)
Balance at end of year	P152,946,769	P149,738,690

The movement in the prepaid (accrued) benefit obligation recognized in the statements of financial position is as follows:

	2021	2020
Balance at beginning of year	(P17,647,122)	P17,669,503
Total retirement expense	(10,257,089)	(8,384,384)
Total actuarial gains (losses) recognized in OCI (Note 27)	21,233,853	(46,299,893)
Actual contributions	18,944,743	19,367,652
Balance at end of year	P12,274,385	(P17,647,122)

The movement of accumulated actuarial losses recognized in the statements of financial position is as follow:

	2021	2020	2019
Accumulated actuarial losses - beginning	(P150,668,834)	(P118,258,908)	(P88,491,570)
Remeasurement loss - plan assets	2,012,605	(24,729,800)	(13,268,798)
Actuarial gain (loss) - obligation	19,221,248	(21,570,093)	(29,255,971)
Effect of asset ceiling	-	-	-
Actuarial gains (losses) recognized during the year	21,233,853	(46,299,893)	(42,524,769)
Effect of change in tax rate	(10,762,060)	-	-
Income tax effect	(5,308,463)	13,889,967	12,757,431
	5,163,330	(32,409,926)	(29,767,338)
Accumulated other comprehensive loss - end	(P145,505,504)	(P150,668,834)	(P118,258,908)

Retirement benefit expense are distributed as follows:

	2021	2020	2019
Cost of sales (Note 19)	P7,692,817	P922,282	P515,795
Operating expenses (Note 21)	2,564,272	7,462,102	4,173,251
	P10,257,089	P8,384,384	P4,689,046

Plan asset is composed of the following:

	2021	2020
Retirement fund account	P143,791,055	P140,582,976
Advances to officers and employees	9,155,714	9,155,714
	P152,946,769	P149,738,690

Shown below is the maturity profile of the undiscounted benefit payments:

Plan Year	Expected Benefit Payments	
	2021	2020
1-5 years	P76,702,596	P84,090,402
6-10 years	67,349,465	65,880,991
11-15 years	75,197,702	101,865,632
16 years and up	149,681,683	231,767,960
	P368,931,446	P483,604,985

The assumptions used to determine retirement benefits of the Company are as follows:

	2021	2020
Discount rate	5.00%	3.70%
Salary increase rate	3.00%	3.00%

Sensitivity analysis on net retirement liability as at December 31, 2021 are as follows:

	Increase (decrease)	Impact on defined benefit obligation Increase (decrease)
Discount rate	+0.50%	(P23,623,240)
	-0.50%	(11,291,921)
Salary rate	+0.50%	(11,678,542)
	-0.50%	(23,312,528)

24. Commitments

Company as lessee

The Company leases its warehouse and a number of offices under operating leases. The leases typically run for a period of 1-3 years. Some leases provide an option to renew the lease term at the end of the lease-term and are being subjected to reviews to reflect current market rentals.

In 2020, the Company's lease payments for office space were discounted or forgiven. The Company accounted for the reduction in lease payments by derecognizing lease liability amounting to P17,002 which has been forgiven and adjusting the ROU asset with the same amount. Depreciation of the revised ROU asset continues over the remaining lease term.

Movements in ROU asset as at December 31, 2021 and 2020 are presented below:

	2021	2020
Balance at January 1	P1,266,251	P1,283,253
Additions	-	-
Derecognition	(208,591)	(17,002)
	1,057,660	1,266,251
Accumulated depreciation:		
Balance at January 1	527,605	106,938
Amortization of ROU asset (Note 21)	265,640	420,667
	793,245	527,605
	P264,415	P738,646

Movements in lease liability as at December 31, 2021 and 2020 are presented below:

	2021	2020
Balance at January 1	P874,673	P1,181,111
Additions	-	-
Accretion of interest (Note 22)	19,683	38,404
Payments	(388,800)	(327,840)
Derecognition	(208,591)	(17,002)
	296,965	874,673
Less current portion	296,965	534,071
	P-	P340,602

Total cash outflows for the payment of lease liabilities amounted to P518,400 and P327,840 in 2021 and 2020, respectively.

Amounts recognized in the statements of comprehensive income are as follows:

	2021	2020	2019
Rentals (Notes 19 and 21)	P8,415,693	P10,135,093	P11,202,854
Amortization expense of ROU asset (Note 21)	265,640	420,667	106,938
Interest expense on lease liability (Note 22)	19,683	38,404	12,410
	P8,701,016	P10,594,164	P11,322,202

Rentals in 2021, 2020 and 2019 pertains to payments classified as operating leases. During the year, rentals account pertains to payments classified as short-term leases and leases of low-value assets.

Rental expenses are charged to the following:

	2021	2020	2019
Cost of sales and services (Note 19)	P7,561,998	P9,094,565	P7,841,998
Operating expenses (Note 21)	853,695	1,040,528	3,360,856
	P8,415,693	P10,135,093	P11,202,854

At year end, the Company has outstanding commitments under noncancellable operating leases that fall due as follows:

	2021	2020
Within 1 year	P296,965	P534,071
Later than 1 year but within 5 years	–	340,602
	P296,965	P874,673

Company as lessor

The Company has entered into lease agreements covering buildings owned where branches are also located. The non-cancellable leases run from 1 to 10 years, with the option to renew the lease term at the end of the lease term. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivables under non-cancellable operating leases are as follows:

	2021	2020
Within 1 year	P4,712,136	P4,712,136
Later than 1 year but within 5 years	9,424,272	14,136,408
	P14,136,408	P18,848,544

Rental income recognized in the statements of comprehensive income amounted to P6.6 million, P4.7 million, and P8.0 million in 2021, 2020, and 2019, respectively (see Note 20).

Royalty income

The Company has an existing Copyright Agreement with various social media platforms, allowing them to share the Company's web articles, releases and publications in order to provide information about the current status in the business section. Under the Agreement, those platforms pay royalty fees based on the number of views per article. Royalty earned in 2021, 2020 and 2019 amounted to P7.1 million, P0.4 million, and P0.6 million, respectively (see Note 20).

25. Income Taxes

On March 26, 2021, the President signed into law Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE Act with certain provisions vetoed. Except for the provisions with retroactive effect, CREATE Act takes effect fifteen (15) days after its publication in the Official Gazette or in newspaper of general circulation.

The following are the key provisions of the CREATE Act that are relative to the Company:

Corporate Income Tax (CIT)

- Starting July 1, 2020, CIT rate for corporations is reduced as follows:
 - a. Reduced CIT rate of 20% is applicable to domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated).

b. Reduced CIT rate of 25% is applicable to all other domestic and resident foreign corporations.

- For the period beginning July 1, 2020 until June 30, 2023, MCIT rate is 1%, instead of 2%.

Deductions from Gross Income

- Due to the reduction in CIT rate, interest arbitrage is reduced to 20% of interest income subjected to final tax, and will be further adjusted in case final tax on interest income will be adjusted in the future.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting

Applying the provisions of the CREATE Act, the Company would have been subjected to lower regular CIT rate of 25% and MCIT rate of 1% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT and MCIT rate of the Company for CY2020 is 27.5% and 1.5%, respectively. This will result in lower provision for current income tax for the year ended December 31, 2020, a reduction of P1,503,123. The reduced amounts will be reflected in the Company's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.
- This will result in lower deferred tax assets as of December 31, 2020, provision for deferred tax (P/L) and provision for deferred tax (OCI) for the year then ended by P17,543,443, P6,781,384 and P10,762,059, respectively. These reductions will be recognized in the 2021 financial statements.

Income tax expense consists of:

	2021	2020	2019
Current	P4,500,292	P6,012,493	P10,067,668
Deferred	7,202,818	(2,460,055)	541,901
	P11,703,110	P3,552,438	P10,609,569

The components of the Company's net deferred tax assets account consists of tax consequences on the following:

	2021	2020
Retirement liability – retirement benefit obligation on OCI	P48,501,834	P64,572,357
Allowance for ECL	24,906,083	29,887,300
Unamortized past service cost	2,536,361	3,550,905
MCIT in excess of RCIT	-	2,491,076
Net unrealized foreign exchange (gain) loss – net	(2,602)	(4,674)
	P75,941,676	P100,496,964

The following are the computations of RCIT:

	2021	2020	2019
Income before income tax	P32,878,643	P21,076,247	P35,849,548
Add (deduct) permanent differences:			
Nondeductible interest expense	5,501	9,636	6,655
Interest income subjected to final tax	(22,002)	(23,127)	(15,971)
Royalty income subjected to final tax	(7,162,745)	(437,554)	(591,261)
Nondeductible miscellaneous expense	-	-	116,255
Gain on sale subjected to capital gains tax	-	(8,783,741)	-
Add (deduct) temporary differences:			
Provision for ECL	99,387,847	108,403,776	120,144,484
Current year past service liability	(1,690,907)	(1,690,907)	(3,381,814)
Net unrealized foreign exchange loss (gain) for current year	(10,409)	(15,580)	2,693
Net unrealized foreign exchange gain (loss) from last year - deemed realized this year	15,580	(2,693)	(411,603)
Bad debts written-off	(99,387,847)	(106,797,999)	(118,160,093)
Taxable income	P24,013,661	P11,738,058	P33,558,893
Tax due at 25% in 2021 and 30% in 2020 and 2019	P6,003,415	P3,521,417	P10,067,668

The following are the computations of MCIT:

	2021	2020	2019
Net sales	P736,549,473	P864,508,153	P1,623,700,122
Cost of sales and services	(534,665,297)	(609,604,772)	(1,275,563,255)
Gross profit	201,884,176	254,903,381	348,136,867
Other operating income	44,052,983	45,721,284	141,481,232
Gain on sale on asset held for sale	21,862,392	-	-
Foreign exchange gains	15,580	-	41
Taxable income	P267,815,131	P300,624,665	P489,618,140
Tax due at 1% in 2021 and 2% in 2020 and 2019	P2,678,151	P6,012,493	P9,792,363

The current provision for income tax in 2021 and 2019 represents RCIT and the current provision for income tax in 2020 represents MCIT.

The reconciliation of the tax computed at statutory tax rate to provision for income tax follow:

	2021	2020	2019
Tax at applicable statutory tax rate	P8,219,661	P6,322,874	P10,754,864
Adjustments for:			
Effect of change in tax rate - deferred	6,781,384	-	-
Nondeductible interest expense	1,375	2,890	1,997
Interest income subjected to final tax	(5,501)	(6,938)	(4,791)
Effect of change in tax rate - current	(1,503,123)	-	-
Royalty income subjected to final tax	(1,790,686)	(131,266)	(177,378)
Nondeductible miscellaneous expense	-	-	34,877
Gain on sale subjected to capital gains tax	-	(2,635,122)	-
Taxable income	P11,703,110	P3,552,438	P10,609,569

26. Earnings Per Share

Basic/diluted EPS based on net income are as follows:

	2021	2020	2019
Net income	P21,175,533	P17,523,809	P25,239,979
Divided by weighted average number of issued and outstanding common shares	3,475,463,722	3,475,463,722	3,475,463,722
	P0.0061	P0.0050	P0.0073

Basic/diluted EPS based on total comprehensive income are as follows:

	2021	2020	2019
Total comprehensive income (loss)	P26,338,863	(P14,886,117)	(P4,527,359)
Divided by weighted average number of issued and outstanding common shares	3,475,463,722	3,475,463,722	3,475,463,722
	P0.0076	(P0.0043)	(P0.0013)

Diluted EPS is equal to the basic EPS since the Company does not have potential dilutive shares.

27. Other Component of Equity

This account pertains to cumulative comprehensive income (loss) recognized in the statements of comprehensive income. Comprehensive income (loss) consists of net income or loss for the year, together with other gains and losses that are not recognized in profit or loss for the year as required or permitted by PFRS [collectively described as "Other comprehensive income (loss)"].

Details of other comprehensive income (loss) in the statements of comprehensive income are as follows:

	2021	2020	2019
Actuarial gain (loss) (Note 23)	P21,233,853	(P46,299,893)	(P42,524,769)
Tax effect	(16,070,523)	13,889,967	12,757,431
	P5,163,330	(P32,409,926)	(P29,767,338)

28. Changes in Liabilities Arising from Financing Activities

The following table summarizes the changes in liabilities arising from financing activities:

	December 31, 2020	Cash flows	Adjustments	December 31, 2021
Trust receipts payable	P32,857,625	(P32,857,625)	P-	P-
Loans payable	1,530,062,021	(1,092,162,021)	-	437,900,000
Lease liability	874,673	(369,117)	(208,591)	296,965
	P1,563,794,319	(P1,125,388,763)	(P208,591)	P438,196,965

	December 31, 2019	Cash flows	Adjustments	December 31, 2020
Trust receipts payable	P63,171,389	(P30,313,764)	P-	P32,857,625
Loans payable	1,518,800,000	11,262,021	-	1,530,062,021
Lease liability	1,181,111	(289,436)	(17,002)	874,673
	P1,583,152,500	(P19,341,179)	(P17,002)	P1,563,794,319

	December 31, 2018	Cash flows	Adjustments	December 31, 2019
Trust receipts payable	P111,615,719	(P48,444,330)	P-	P63,171,389
Loans payable	1,270,000,000	248,800,000	-	1,518,800,000
Lease liability	-	(102,142)	1,283,253	1,181,111
	P1,381,615,719	P200,253,528	P1,283,253	P1,583,152,500

29. Impact of Coronavirus of 2019 (COVID-19) Update

On March 11, 2020, the World Health Organization (WHO) declared COVID-19 as a global pandemic. As a result, the President of the Philippines, on March 16, 2020, issued Proclamation No. 929 declaring a state of calamity throughout the Philippines and eventually imposed an Enhanced Community Quarantine (ECQ) throughout Luzon starting midnight of March 16, 2020 until May 15, 2020. The whole Metro Manila and key cities in Luzon are under various quarantine classifications up to present. As of to date, lifting of quarantine classifications is still uncertain.

As early as January 2020, the Company has undertaken measures to prevent or mitigate the adverse effects of COVID-19 to its personnel, ensure the continuity of its business as a media company, and protect the interest of its stockholders.

The enhanced community quarantine, travel restrictions, and social distancing measures imposed by the government exposed the Company's operations to risks that may impact its financial performance. The Company's operations as a publishing and media company are considered essential to the nationwide effort of spreading awareness on the pandemic, thus it remained open to serve the public. During the quarantine, however, no deliveries of newspapers were made to provincial areas. Nonetheless, the Company has formulated the "Manila Bulletin Business Contingency Plan Against COVID-19". A similar contingency plan was also formulated by the different departments and sections of the Company to tailor-fit to each of their specific needs. The primary purpose for the formulation of the contingency plan is to make sure that the operations of the Company's core business will remain unimpeded throughout this pandemic while protecting its personnel and the interest of its stockholders.

The duration and extent of the consequences of COVID-19, as well as the effectivity of the government's response to the pandemic is still unclear. At this time, it is still not possible to reliably estimate the extent of the impact of COVID-19 on the Company's financial position and performance for succeeding periods.

30. Supplemental Information Required Under Revenue Regulation Nos. 15-2010 and 19-2011

Revenue Regulation No.15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued Revenue Regulation No. 15-2010, which requires certain information on taxes, duties and license fees paid or accrued during the taxable year to be disclosed as part of the notes to financial statements. This supplemental information, which is an addition to the disclosures required under full PFRS, is presented as follows:

VAT Output Tax

Output VAT declared in the Company's VAT returns are as follows:

	2021		2020	
	Gross Sales/ Receipts	Output VAT	Gross Sales/ Receipts	Output VAT
Taxable Sales:				
Sale of goods	P174,229,160	P20,907,499	P222,906,859	P26,748,823
Exempt sales	6,676,918	-	264,578,008	-
Zero-rated sales	467,677,675	-	41,671,149	-
	P648,583,753	P20,907,499	P529,156,016	P26,748,823

Zero-rated sales of goods consist of sales to Philippine Economic Zone Authority (PEZA) registered companies and embassies.

VAT Input Tax

The amount of VAT input claimed in follows:

	2021	2020
Balance at January 1	P-	P-
Current year's purchases of:		
Importation	-	6,856,720
Domestic purchases of goods	11,000,854	17,045,617
Total available input tax	11,000,854	23,902,337
Creditable VAT withheld	2,047,101	1,703,681
Total allowable input tax	13,047,955	25,606,018
Deduction against output tax	(13,047,955)	(25,606,018)
	P-	P-

Taxes on Importation

Details of importations in are as follows:

	2021	2020
Landed cost	P-	P70,958,929
Customs duties and taxes accrued or paid	P-	P10,155,338

Excise Tax

The Company does not have excise tax in 2021 and 2020 since it does not have any transactions which are subject to excise tax.

Documentary Stamp Tax

Documentary stamp tax paid arising from applications for certain interest-bearing loans and borrowings in 2021 and 2020 amounted to P10.52 million and P4.05 million, respectively.

Taxes and Licenses

The details of taxes and licenses charged to cost of sales and services and operating expenses are as follows:

	2021	2020
Real property tax	P11,242,451	P15,207,032
Business permits and licenses	3,486,793	2,036,008
Capital gains tax	-	1,320,000
Others	565,947	1,547,446
	P15,295,191	P20,110,486

Withholding Taxes

The following are the amount of withholding taxes:

	2021	2020
Withholding taxes on compensation	P10,295,607	P8,647,092
Creditable – at source	5,318,441	6,221,353
	P15,614,048	P14,868,445

Deficiency Tax Assessment

The Company does not have any deficiency tax assessments with BIR or tax cases outstanding or pending in courts or bodies outside of the BIR as of December 31, 2021 and 2020.

Revenue Regulation No. 19-2011

Revenue Regulation No.19-2011 was issued to prescribe the new BIR forms that will be used for Income Tax filing covering and starting with December 31, 2011, and to modify Revenue Memorandum Circular No. 57-2011 dated November 25, 2011.

The following are the schedules prescribed under existing revenue issuances applicable to the Company as of December 31, 2021:

Revenue

	Exempt	RCIT
Sales	P-	P776,861,898
Less sales returns and discount	-	40,312,425
	P-	P736,549,473

Cost of Sales

The breakdown of the Company's cost of sales for income tax purposes is as follows:

	Exempt	RCIT
Newsprint, ink and press supplies	P-	P219,061,313
Salaries and employee benefits	-	109,730,904
Communication, light and water	-	50,717,436
Depreciation expense	-	38,721,537
Features purchased and news services	-	22,540,661
Security and janitorial	-	22,183,196
Taxes and licenses	-	14,974,601
Transportation and travel	-	12,912,443
Rentals	-	7,561,998
SSS and Pag-ibig premiums	-	6,528,136
Freight and handling charges	-	5,310,675
Insurance	-	5,188,933
Gas and oil	-	4,961,685
Professional fees	-	4,481,632
Advertising and promotions	-	4,236,754
Stationery and office supplies	-	2,728,926
Repairs and maintenance	-	2,172,471
Membership dues and subscriptions	-	55,110
Entertainment and representation	-	2,410
Others	-	594,476
	P-	P534,665,297

Non-operating and Taxable Other Income

	Exempt	RCIT
Gain on sale on asset held for sale	P-	P21,862,392
Realized foreign exchange gain	-	15,580
Other operating income	-	44,052,983
	P-	P65,930,955

Itemized Deductions

Details of the Company's itemized deductions for the year are as follows:

	Exempt	RCIT
Bad debts written off	P-	P99,387,847
Interest expense	-	56,210,198
Salaries and employee benefits	-	38,267,874
Depreciation	-	16,594,945
Taxes and licenses	-	6,423,980
Communication, light and water	-	5,016,009
Documentary stamps	-	4,419,697
Professional fees	-	3,624,792
SSS and Pag-ibig premiums	-	2,666,422
Insurance	-	2,223,828
Commission	-	2,060,563
Security and janitorial	-	1,167,536
Stationery and office supplies	-	976,519
<i>Forward</i>		

Gas and oil	–	945,082
Freight and handling charges	–	937,178
Membership dues and subscriptions	–	863,397
Rentals	–	853,695
Advertising and promotions	–	633,078
Amortization of ROU asset	–	265,640
Charitable contributions	–	227,599
Entertainment and representation	–	21,681
Others	–	13,910
	P–	P243,801,470

Taxes and Licenses

The details of taxes and licenses charged to cost of sales and services and operating expenses are as follows:

	Exempt	RCIT
Real property tax	P–	P11,242,451
Business permits and licenses	–	3,486,793
Others	–	565,947
	P–	P15,295,191



Mendoza Querido & Co.

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PRC/BOA Accreditation No. 0966

September 22, 2020, valid until

August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

**INDEPENDENT AUDITORS' REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Manila Bulletin Publishing Corporation (the Company) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 12, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 (2019) issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 8856593, January 7, 2022, Makati City

May 12, 2022



Mendoza Querido & Co.

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PRC/BOA Accreditation No. 0966
September 22, 2020, valid until
August 22, 2023

SEC Accreditation No. 0966-SEC (Group A)
Issued November 24, 2020
Valid for Financial Periods 2020 to 2024

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Manila Bulletin Publishing Corporation
Manila Bulletin Building
Muralla corner Recoletos Streets
Intramuros, Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Manila Bulletin Publishing Corporation (the Company) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated May 12, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 (2019), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

For the Firm: **MENDOZA QUERIDO & CO.**

RICHARD S. QUERIDO

Partner

CPA Certificate No. 84807

SEC Accreditation No. 84807-SEC (Group A)

Issued November 24, 2020

Valid for Financial Periods 2020 to 2024

TIN 102-094-633

BIR Accreditation No. 08-002617-002-2022

January 25, 2022, valid until January 24, 2025

PTR No. 8856593, January 7, 2022, Makati City

May 12, 2022

MANILA BULLETIN PUBLISHING CORPORATION

SCHEDULE A. FINANCIAL ASSETS

December 31, 2021

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amounts of Bonds and Notes	Amount Shown in Statement of Financial Position	Value based on Market Quotations at End of Reporting Period	Income Received and Accrued
Cash in banks	-	P33,706,222	P33,706,222	P22,002
Trade and other receivables				
Trade	-	1,665,895,796	1,665,895,796	-
Others	-	165,210,165	165,210,165	-
	-	1,831,105,961	1,831,105,961	-
Other noncurrent assets				
Recoverable deposits	-	6,243,869	6,243,869	-
Investment in club shares				
Quezon City Sports Club, Inc.	1	210,000	210,000	-
Montemar Beach Club	1	40,000	40,000	-
Metropolitan Equestrian and Country Club Inc.	1	35,000	35,000	-
Philippine Columbian Association	1	30,000	30,000	-
	1	6,558,869	6,558,869	-
		P1,871,371,052	P1,871,371,052	P22,002

MANILA BULLETIN PUBLISHING CORPORATION
SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
<i>Advances to Officers/Employees</i>							
Retirement	P9,155,714	P-	P-	P-	P9,155,714	P-	P9,155,714

MANILA BULLETIN PUBLISHING CORPORATION
SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS

December 31, 2021

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period

Not Applicable

MANILA BULLETIN PUBLISHING CORPORATION

SCHEDULE D. LONG TERM DEBT

December 31, 2021

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current Portion of Long-term Debt" in related Statement of Financial Position		Amount shown under Caption "Long-Term Debt" in Statement of Financial Position
		Statement of Financial Position	Debt	
Promissory note	P437,900,000	P437,900,000	P-	
Term loan	1,000,000,000	-		1,000,000,000
Lease liabilities	296,965	296,965		-
	P1,438,196,965	P438,196,965		P1,000,000,000

MANILA BULLETIN PUBLISHING CORPORATION

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

December 31, 2021

Name of related party	Balance at Beginning of Period	Balance at End of Period
Philippine Trust Bank	P1,000,000,000	P1,000,000,000

MANILA BULLETIN PUBLISHING CORPORATION
SCHEDULE F. GUARANTEES OF SECURITIES AND OTHER ISSUES

December 31, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
		Not applicable		

MANILA BULLETIN PUBLISHING CORPORATION
SCHEDULE G. CAPITAL STOCK

December 31, 2021

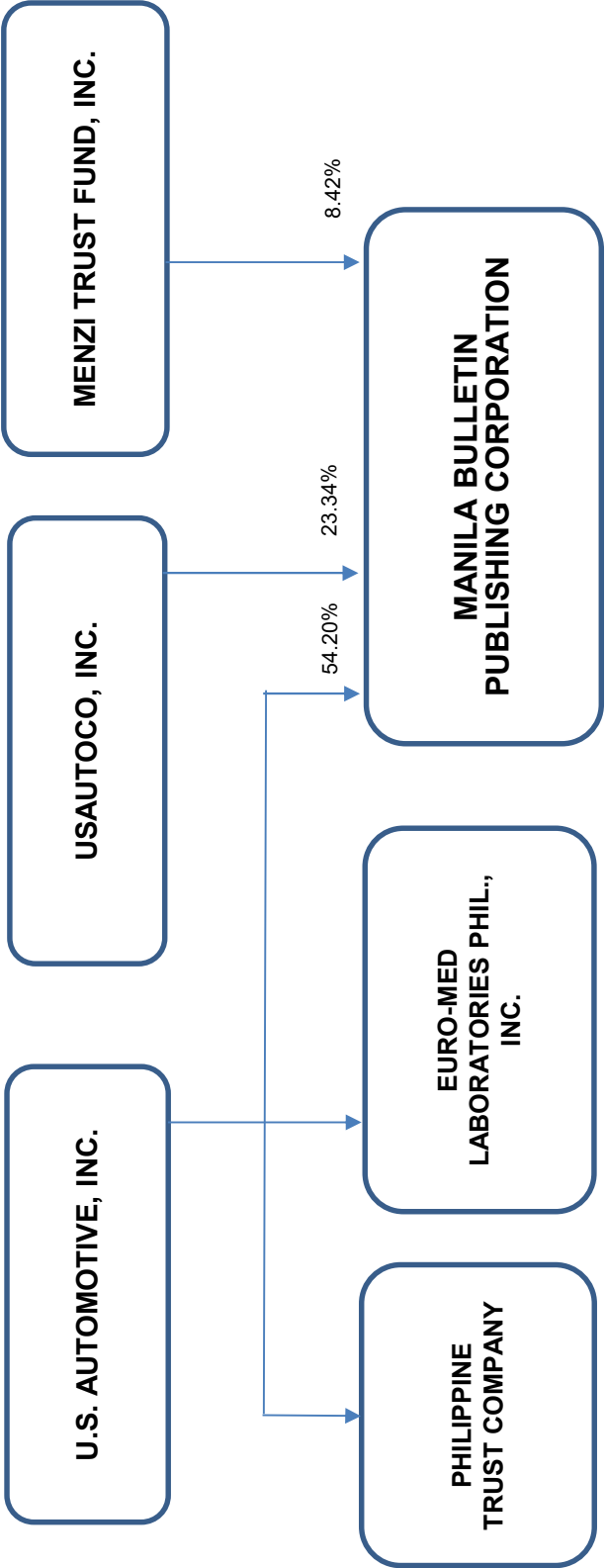
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position	Number of Shares Reserved for Options, Warrants, and Other Rights	Number of Shares Held by Related Parties	Others
Common share	6,000,000	3,466,139,072	-	2,694,964,036	14,669,438
					756,505,598

MANILA BULLETIN PUBLISHING CORPORATION
SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED
EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021

Unappropriated retained earnings at beginning of year		P251,875,573
Add deferred tax assets		75,941,676
<hr/>		
Unappropriated retained earnings, as adjusted to available for dividend distribution at beginning of year		327,817,249
 Add: Net income based on the face of audited financial statements	21,175,533	
Add: Movement of deferred tax assets	(24,555,288)	
Unrealized foreign exchange gain	(10,409)	(3,390,164)
<hr/>		
Unappropriated retained earnings available for dividend declaration at end of year		324,427,085
 Declaration of cash dividends		—
<hr/>		
UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF YEAR		P324,427,085

See accompanying Notes to Financial Statements.

MANILA BULLETIN PUBLISHING CORPORATION
MAP OF THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANY AND ITS MAJOR SHAREHOLDERS
DECEMBER 31, 2021



MANILA BULLETIN PUBLISHING CORPORATION
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
December 31, 2021 and 2020

Ratio	Formula	2020	2019
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.80:1 P3,159,700,167 1,129,844,553	2.21:1 P3,503,042,373 1,585,348,043
Acid test ratio	$\frac{\text{Current assets} - \text{inventory} - \text{prepayments}}{\text{Current liabilities}}$	1.80:1 P2,036,626,641 1,129,844,553	1.38:1 P2,191,231,748 1,585,348,043
Solvency ratio	$\frac{\text{Net income before depreciation and amortization}}{\text{Total liabilities}}$	0.04:1 P76,757,655 2,129,844,553	0.04:1 P98,063,000 2,603,335,767
Debt-to-equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	0.59:1 P2,129,844,553 3,586,661,347	0.73:1 P2,603,335,767 3,560,322,484
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	1.59:1 P5,716,505,900 3,586,661,347	1.73:1 P6,163,658,251 3,560,322,484
Interest rate coverage ratio	$\frac{\text{Operating EBITDA}}{\text{Net Interest}}$	2.57:1 P144,654,462 56,193,697	2.25:1 P182,883,435 81,267,997
Return on equity	$\frac{\text{Net income}}{\text{Average total equity}}$	0.59% P21,175,533 3,573,491,916	0.49% P17,523,809 3,567,765,543
Return on assets	$\frac{\text{Net income}}{\text{Average total assets}}$	0.36% P21,175,533 5,940,082,076	0.29% P17,523,809 6,060,960,508
Net profit margin	$\frac{\text{Net income}}{\text{Total revenue}}$	2.87% P21,175,533 736,549,473	2.03% P17,523,809 864,508,153

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