COVER SHEET

1 6 5 5 3 9

S.E.C. Registration Number

C Y B E R   B A Y   C O R P O R A T I O N

(Company's Full Name)

S U I T E   2 4 0 2   D I S C O V E R Y   C E N T R E

A D B   A V E N U E ,   O R T I G A S   C E N T E R

P A S I G   C I T Y

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

Atty. Ryan V. Romero	**(632) 8633-9757**
Contact Person	Company Telephone Number

1 2	3 1	**17-Q**	1 2	2 3
Month	*Day*	FORM TYPE	*Month*	*Day*
			Annual Meeting	

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **31 March 2022**

2. Commission identification number: **165539**

3. BIR Tax Identification No.: **000-157-237-000**

4. Exact name of issuer as specified in its charter: **CYBER BAY CORPORATION**

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

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office — Postal Code
Suite 2402 Discovery Center, 25 ADB Avenue, Ortigas Center, Pasig City — **1605**

8. Issuer's telephone number, including area code **(632) 8633-9757 / 8636-6080**

9. Former name, former address and former fiscal year, if changed since last report
N.A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
As of 31 March 2022

Title of Each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**6,160,000,000**
Loans Payable	**-**

*Note:	The total issued and outstanding shares are:	
	Common	6,806,878,853
	Preferred	6,467,950,603

11. Are any or all of the securities listed on a Stock Exchange?

Yes [**X**] No [ ]

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange — **Common Shares**

*Note: Only 6,160,000,000 common shares are listed in the Philippine Stock Exchange (PSE). The remaining common shares and the preferred shares will be listed with the PSE.

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

13. Check whether the registrant has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [**X**] This item is not applicable to the Company.

DOCUMENTS INCORPORATED BY REFERENCE

The Company attaches to this form and incorporates by reference as a component of Part I, its Financial Statements for the 1st quarter of 2022, ending on 31 March 2022.

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. The Company also attaches to this form and incorporates by reference as a component of Part 1 its Financial Statements for the first quarter of 2022, ending 31 March 2022.

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

There were no material changes in financial condition and results of operation since the end of the last calendar year and for the comparable interim period.

- There were no known trends, demands, commitments, events or uncertainties that had a material effect on the Company’s liquidity;
- There were no material commitments for capital expenditures;
- There were no significant elements of income or loss that did not arise from the Company’s operations;
- All expenses of the Company are current and the Company does not expect any direct or contingent financial obligation that is substantial or material.
- There were no seasonal aspects that have a material effect on the financial condition or results of operations.
- The Board and Management of the Company are continuously and actively looking for other projects and businesses that the Company may venture into. In the meantime, all project-related operations are still suspended.

1st Quarter 2021 vs. 1st Quarter 2022

Cash balance during the period increased by Php151 million. The expenses of the Company consist of taxes and licenses, professional fees, and stock listing fees. No sales and accounts receivables were accrued for the period January to March 2022. Net Loss is Php.938 million and Php.530 million for March 2022 and March 2021, respectively. Loss per share for the periods ended March 31, 2022 and 2021 is (Php0.0001) and (Php0.0001), respectively.

Other assets increased by 14%. These include unutilized Value Added Tax. Accounts payable and accrued expenses increased by Php0.163 million. Total equity increased to (Php1.5201) billion from a previous balance of (Php1.5176) billion.

December 2021 vs. 1st Quarter 2022

Other Assets composed of accounts like Value Added Tax increased from Php1.779 million to Php1.881 million or 5.73% due to unutilized Value Added Tax, while accounts payables & accrued expenses at the end of 2021 decreased by Php0.19 million at the end 1st quarter of 2022. Equity for the period decreased by 0.06% from (Php1.519) billion at the end of year 2021 to (Php1.52) billion.

Key Performance Indicators

Performance Indicators	FORMULA	31-Mar-22	31-Mar-21
Current Ratio	Current Assets/Current Liabilities	0.2873 : 1 613,562/ 2,135,502	0.2876 : 1 613,411/ 2,132,637
Debt to Equity Ratio	Total Liabilities / Stockholders Equity	(1.4049) : 1 2,135,502 / (1,520,059)	(1.4053) : 1 2,132,637/ (1,517,575)
Equity to Debt Ratio	Stockholders Equity / Total Liabilities	(0.7118) : 1 (1,520,059) / 2,135,502	(0.7116) : 1 (1,517,575) / 2,132,637
Asset to Equity Ratio	Total Asset/Total Equity	(0.4049) : 1 615,443/ (1,520,059)	(0.4053) : 1 613,411/ (1,517,575)
Interest Rate Coverage Ratio	Earnings before Interest and Taxes / Interest Expense	No Interest expense for the period	No Interest expense for the period
Return on Asset Ratio	Net Income / Total Asset	(0.0015) : 1 (938) / 615,443	(0.0009) : 1 (530) / 615,062
Book Value per Common Share	Common Stockholders Equity / Total Number of Common Shares	(0.7446 : 1) (5,068,350) / 6,806,879	(0.7442) : 1 (5,065,866) / 6,806,879
Book Value per Preferred Share	Preferred Stockholders Equity / Total Number of Preferred Shares	0.5486 : 1 3,548,291 / 6,467,951	0.5486 : 1 3,548,291 / 6,467,951
Income(Loss) per share	Net Income / Total Number of Shares	(0.0001) : 1 (938) / 6,806,879	(0.0001) : 1 (530) / 6,806,879

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

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

Issuer:
CYBER BAY CORPORATION

By:

MARIA FARAH Z.G. NICOLAS - SUCHIANCO
Chairman

RAULTITO MAXELMO A. ESTRELLA
President

DAVE NHOWEL M. ASEJO
Director and Treasurer

CYBER BAY CORPORATION AND SUBSIDIARY
INTERIM CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022 (With Comparative figures for March 31, 2021)
(Amounts in Thousands)

	UNAUDITED		AUDITED
	31-Mar-22	**31-Mar-21**	**31-Dec-21**
ASSETS			
Current Assets			
Cash and cash equivalents	1,131	980	1,060
Receivables	611,850	611,850	611,850
Prepaid income tax	581	581	581
Project Development Cost			
COST	6,612,964	6,612,964	6,612,964
Allowance for impairment value	(6,612,964)	(6,612,964)	(6,612,964)
	0	0	0
Other Assets	1,881	1,651	1,779
TOTAL ASSETS	**615,443**	**615,062**	**615,270**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities			
Accounts payable and accrued expenses	21,615	21,452	21,634
Due to related parties	2,113,887	2,111,185	2,112,757
Total Liabilities	2,135,502	2,132,637	2,134,391
Stockholders' Equity			
Subscribed Common Stock	6,806,879	6,806,879	6,806,879
Subscribed Preferred Stock	646,795	646,795	646,795
Less: Subscription Receivable	483,593	483,593	483,593
Capital Stock	6,970,081	6,970,081	6,970,081
Additional Paid -In Capital	2,902,073	2,902,073	2,902,073
Advances from Shareholders for Conversion to Equity	0	0	0
Retained Earnings (deficit)	(11,392,213)	(11,389,729)	(11,391,275)
Total Stockholders' Equity	(1,520,059)	(1,517,575)	(1,519,121)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**615,443**	**615,062**	**615,270**

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS (UNAUDITED)
(Amounts in Thousands Except Per Share Figures)

	YEAR-TO-DATE	
	3 MONTHS ENDED MARCH 31, 2022	**3 MONTHS ENDED MARCH 31, 2021**
REVENUES		
Interest Income	0	0
Other Income	0	0
EXPENSES	938	530
INCOME BEFORE TAX	(938)	(530)
PROVISION FOR INCOME TAX	0	0
NET INCOME BEFORE INCOME APPLICABLE TO MINORITY INTEREST	(938)	(530)
NET INCOME APPLICABLE TO MINORITY INTEREST		
NET INCOME (LOSS)	(938)	(530)
RETAINED EARNINGS (DEFICIT), BEGINNING	(11,391,275)	(11,389,199)
DIVIDENDS DECLARED		
COMMON		
PREFERRED		
RETAINED EARNINGS (DEFICIT), END	**(11,392,213)**	**(11,389,729)**

EARNINGS (LOSS) PER SHARE	**3 MONTHS ENDED MARCH 31, 2022**	**3 MONTHS ENDED MARCH 31, 2021**
Net Income (LOSS) - (a)	(938)	(530)
Weighted Average number of shares - (b)	6,323,286	6,323,286
EPS - (a) / (b)	(0.0001)	(0.0001)

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

(Amounts in Thousands Except Per Share Figures)

	QUARTER ENDING	
	3 MONTHS ENDED MARCH 31, 2021	**3 MONTHS ENDED March 31, 2020**
REVENUES		
Interest Income	0	0
Other Income	0	0
EXPENSES	938	530
INCOME BEFORE TAX	(938)	(530)
PROVISION FOR INCOME TAX	0	0
NET INCOME (LOSS)	**(938)**	**(530)**

EARNINGS (LOSS) PER SHARE	**3 MONTHS ENDED March 31, 2021**	**3 MONTHS ENDED March 31, 2020**
Net Income (LOSS) - (a)		(530)
Weighted Average number of shares - (b)	6,323,286	6,323,286
EPS - (a) / (b)	**0.0000**	**(0.0001)**

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
MARCH 31, 2022 AND March 31, 2021
(Amounts in Thousands)

	YEAR-TO-DATE	
	MARCH 31, 2022	**MARCH 31, 2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	(938)	(530)
Adjustments to reconcile net income to net cash		
provided by operating activities:		
Depreciation and amortization		
Operating Income (loss) before working capital changes	(938)	(530)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	-	-
Prepaid Tax	-	-
Other assets	(102)	(56)
Increase (decrease) in:		
Accounts payable and accrued expenses	(19)	(854)
Due to Related Parties	1,130	-
Cash generated from (used for) operations	71	(1,440)
Income Tax paid		
Net cash provided by operating activities	**71**	**(1,440)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Land and project developments		
Project Development Cost		
Investments		
Property and equipment		
Leasehold rights		
Increase (decrease) in:		
Payable to PEA		
Deferred credit and other liablilities		
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan borrowings (repayments/adjustment)		
Long term loan borrowings (repayments)		
Increase in capital stock		
Net advances to affiliates		
Payment of cash dividend		
Net cash used in financing activities		
NET DECREASE IN CASH	**71**	**(1,440)**
CASH AT BEGINNING OF PERIOD	1,060	2,420
CASH AT END OF PERIOD	**1,131**	**980**

CYBER BAY CORPORATION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2022 and March 31, 2021 and
FOR THE YEAR ENDED December 31, 2021
(Amounts in Thousands, except par value)

		YEAR-TO-DATE		
		UNAUDITED		**AUDITED**
		MARCH 31, 2022	**MARCH 31, 2021**	**December 31, 2021**
CAPITAL STOCK				
Preferred - P0.10 par value				
Authorized - 7,000,000 shares				
Issued - 6,467,951 shares	P	646,795	646,795	646,795
Common - P1 par value				
Authorized - 7,300,000 shares				
Issued - 5,985,062 shares		5,985,062	5,985,062	5,985,062
Subscribed - 821,817 shares		821,817	821,817	821,817
Total		7,453,674	7,453,674	7,453,674
Less: Subscription Receivable		483,593	483,593	483,593
Balance at end of period		**6,970,081**	**6,970,081**	**6,970,081**
ADVANCES FROM SHAREHOLDERS FOR CONVERSION				0
ADDITIONAL PAID IN CAPITAL		2,902,073	2,902,073	2,902,073
RETAINED EARNINGS (DEFICIT)				
Balance at beginning of the period		(11,391,275)	(11,389,199)	(11,389,199)
Net Income (loss)		(938)	(530)	(2,076)
	P	**(1,520,059)**	**(1,517,575)**	**(1,519,121)**

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule A. Marketable Securities

Name of Issuing entity and asssociation of each issue	Number of shares or rincipal aamounts of bond	Amount shown in balance sheet	Income received and accrued
	Not Applicable		

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders

Name and Designation of debtor	Balance December 31, 2021	Additions	Amounts Collected	Amounts written off	Current	Not Current	Balance March 31, 2022
MCRP Construction Corp.	114,460						114,460
Tenants	7,327						7,327
Others	6,247						6,247
Allowance for doubtful accounts	(128,034)						(128,034)
TOTAL	-	-	-	-	-	-	-

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule C. Non-Current Marketable Equity Securities, Other Long-Term Investment in Stocks, and Other Investments

Name of issuing entity	Number of shares principal amount	Amount in pesos	Equity in earnings (losses of investees) for the period	Other	Distribution of earnings by investees	Other	Number of shares principal amount	Amount in pesos	Dividends Received not accounted for by the equity method
		Not Applicable							

Schedule D. Indebtedness of Unconsolidated Subsidiaries and Affiliates

Name of Affiliates	Balance December 31, 2021	Balance March 31, 2022
Not Applicable		
TOTAL	**0**	**0**

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule E. Property, Plant and Equipment

Classification	Balance December 31, 2021	Additions at Cost	Retirements	Other Changes	Balance March 31, 2022
Transportation Equipment Office Equipment Furniture & Fixtures Office Improvements	Not Applicable				
TOTAL					

Schedule F. Accumulated Depreciation

Description	Balance December 31, 2021	Additions charged to expense	Retirements	Other Charges	Balance March 31, 2022
Transportation Equipment Office Equipment Furniture & Fixtures Office Improvements	Not Applicable				
TOTAL					

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule G. Other Assets

Description	Balance December 31, 2021	Additions at Cost	Charged to cost and expense	Charged to other accounts	Other Changes	Balance March 31, 2022
Pre-operating Expenses						-
Deferred Charges						-
Miscellaneous Deposit	140					140
Input Tax	4,462	102				4,564
Prepaid Expenses						-
Others	226			-		226
Allow for non recoverability	(3,049)					(3,049)
TOTAL	**1,779**	**102**	**0**	**0**	**0**	**1,881**

Schedule H. Long Term Debt

Title of Issue and type of Obligation	Amount authorized	Current portion of Long Term Debt	Amount shown in Balance Sheet
Not Applicable			
TOTAL			

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule I. Indebtedness to Affiliates and Related Parties

Name of Affiliate	Balance December 31, 2021	Balance March 31, 2022
Primera Commercio Holdings, Inc.	22,270	23,400
Italian Thai (BVI) Int'l.	2,036	2,036
POPI	25,428	25,428
Other Shareholders	2,063,023	2,063,023
TOTAL	**2,112,757**	**2,113,887**

Schedule J. Guarantees of Securities of Other Isssuers

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			

CYBER BAY CORPORATION AND SUBSIDIARY
SCHEDULES TO FINANCIAL STATEMENTS
As of March 31, 2022
Amounts in Thousands

Schedule K. Capital Stock

Title of Issue	No. of shares authorized	No. of shares issued and outstanding	No. of shares reserved for options, warrants convertion and others	No. of shares held by affiliates	Directors, officers and employees	Others
Preferred	7,000,000	6,467,951				6,467,951
Common	7,300,000	6,806,879			32	6,806,847
TOTAL	**14,300,000**	**13,274,830**	**-**	**-**	**32**	**13,274,798**

CYBER BAY CORPORATION AND SUBSIDIARY
AGING OF ACCOUNTS RECEIVABLE
As of March 31, 2022
Amounts in Thousands

	Total	1 Month	2 Months	3 Months	4 Months& Over	Past Due Accounts & Items in Litigation
a. Trade Receivables						
1 Tenants	7,490					7,490
Less: Allowance	(7,490)					(7,490)
Net Trade Receivables	-	-	-	-	-	-
b. Non-Trade Receivables						
2 Public Estates Authority	611,850				611,850	
3 MCRP Construction Corp.	114,460				114,460	
4 Others	6,084				6,084	
Less: Allowance	(120,544)				(120,544)	
Net Non-Trade Receivables	611,850	-	-	-	611,850	-
TOTAL RECEIVABLES	611,850	-	-	-	611,850	-

Type of Receivable	Nature / Description	Collection Period
1 Tenants	Trade receivables from tenants	Under Litigation
2 Public Estates Authority	Intercompany Receivables	
3 MCRP Construction Corp.	Intercompany Receivables	
4 Others		

CYBER BAY CORPORATION AND A SUBSIDIARY
SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
(Amounts in Thousands)

1. Reporting Entity and Status of Operations

Cyber Bay Corporation (the “Parent Company”) and its subsidiary, Central Bay Reclamation and Development Corporation (“Central Bay” or “Subsidiary”) [collectively referred to as the “Group”] were incorporated in the Philippines.

Parent Company
The Parent Company is involved in real estate development (except real estate subdivision) and reclamation. Incorporated in 1989, the Parent Company has changed its name from First Lepanto Corporation to Guoco Land (Philippines), Inc. in 1994, to Centennial City Inc. in 1996, and to Cyber Bay Corporation in 2000.

Subsidiary
The Subsidiary was registered with the Philippine Securities and Exchange Commission (SEC) on December 5, 1994 to engage in real estate development (except real estate subdivision) and reclamation. As at December 31, 2021, the Company has not yet started commercial operations. However, it is not subject to the provision in Section 22 of the Corporation Code of the Philippines since the failure to organize or commence the transactions of its businesses or the construction of its works or to continuously operate is due to causes beyond the control of the Company.

The registered office address of the Group is at Suite 2402 Discovery Centre, ADB Avenue, Ortigas Center, Pasig City.

Update on Operations of the Group
On March 30, 1996, the Parent Company, Central Bay and certain shareholders of Central Bay entered into a Memorandum of Agreement which involved the restructuring of the Parent Company and the consolidation of certain businesses and assets of the Parent Company and Central Bay.

The restructuring of the Parent Company entailed the transfer to Prime Orion Philippines, Inc. (POPI) of the Parent Company’s investments in the following corporations: Tutuban Properties Inc., Guoco Property Development Inc., Manila Southcoast Development Corporation, Mandaue Resources and Realty Corporation, Luck Hock Venture Holdings, Inc., First Lepanto Ceramic Wares Inc. and First Lepanto Realty Inc. and the settlement of all intercompany liabilities relating to such corporations.

The business consolidation involved the issuance by the Parent Company of 4 billion shares of stock (with par value P1.00 per share) to certain Central Bay shareholders in exchange for 4.8 million Central Bay shares of stock (with par value of P100.00 per share) held by the Central Bay shareholders. Upon completion of the business consolidation, the Parent Company assumed full ownership of Central Bay, including the latter’s Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA) (formerly Public Estates Authority) to reclaim three partially reclaimed and substantially eroded islands (the “Three Islands”) with a total area of 750 hectares along Manila Bay (the “Project”) as its new property core holding.

On April 25, 1995, the Subsidiary entered into a Joint Venture Agreement (JVA) with the Philippine Reclamation Authority (PRA), formerly Public Estates Authority, for the complete and entire reclamation and horizontal development of a portion of the Manila-Cavite Coastal

Road and Reclamation Project (the “Project”) consisting of three partially reclaimed and substantially eroded islands (the “Three Islands”) along Emilio Aguinaldo Boulevard in Paranaque and Las Pinas, Metro Manila with a combined total area of 157.8 hectares, another area of 242.2 hectares contiguous to the Three Islands and, at the Subsidiary’s option as approved by the PRA, an additional 350 hectares more or less to regularize the configuration of the reclaimed area. The Subsidiary proceeded with the implementation of the Project after having obtained all the government licenses, environmental and other permits and approvals necessary for the reclamation.

However, as ruled and decided by the Supreme Court and after filing for motion for reconsideration and motion for re-deliberation, the JVA is considered to be null and void *ab initio* on the ground that the reclaimed parcels of land are part of the public domain and cannot be disposed of by the PRA to private corporations.

Despite the nullity of the JVA, the Subsidiary is not precluded by the Supreme Court from recovering from the PRA, costs and expenses incurred in implementing the JVA prior to its nullification.

The Subsidiary has spent a considerable amount on the Project which continues to be charged with interest costs. Without prejudice to any other rights and remedies to which the Subsidiary may be entitled pursuant to the JVA and/or the law, the claims for reimbursements must be submitted to the PRA.

The Parent Company and Central Bay pursued the filing of the claims with the PRA for the reimbursements of the total Project development cost, Project-related receivables and the corresponding interest thereon.

On August 10, 2007, the Parent Company, in behalf of Central Bay, filed its claim for reimbursement with the PRA amounting to P10.23 billion for the initial payment of all costs, losses, liabilities and expenses computed as at December 31, 2006. On August 17, 2007, PRA requested for the details and supporting documents of the claims which the Parent Company complied with on September 5, 2007.

On July 15, 2008 the Parent Company requested for the status of the claim and on July 18, 2008, PRA responded and stated therein that PRA is still evaluating the claim and the supporting documents submitted by the Parent Company.

On November 20, 2009, the Parent Company sent a letter to the PRA for the payment of approximately P13.4 billion. This amount represents all costs, losses, liabilities, and expenses incurred by Central Bay computed as of September 2009 pursuant to the Amended JVA.

On February 8, 2010, Central Bay received a letter from PRA informing Central Bay that based on the books and records of PRA, the latter was able to verify a total amount of P1.0 billion of Central Bay’s claims which is still subject to audit by the Commission on Audit (COA). In this regard, Central Bay is directed to furnish PRA with the details/breakdown of the said amount duly certified including all supporting documents, official receipts and other proofs of payments as well as audited financial statements. Central Bay provided the documents requested on March 5, 2010.

On December 13, 2010, Central Bay filed a petition with the COA to claim for reimbursement with the revised amount of P11.5 billion (down from the initial claim of P13.4 billion) and not merely P1.0 billion as initially verified by the PRA. Considering that PRA has already validated and acknowledged Central Bay’s claim for reimbursement amounted to P1.0 billion, the only issue submitted to the COA is whether or not the other claims are likewise rightful items for reimbursement. Central Bay and PRA panel engaged in weekly meetings and discussions from May to October 2011 in order to discuss and validate the Parent Company's claim for reimbursement for project costs. Central Bay has submitted its final report on November 8, 2011.

On February 3, 2014, PRA informed Central Bay that PRA has verified an additional amount for reimbursement bringing the total validated amount to P1.027 billion.

On October 14, 2016, Central Bay and PRA entered into a Compromise Agreement where PRA shall cede to Central Bay parcels of land with value equal to the validated claim of P1.027 billion. In exchange, Central Bay shall waive all other claims subject of the pending petition with the COA and any other claims arising from or in connection with the Amended JVA. The Compromise Agreement shall become effective upon approval of the COA.

On November 11, 2016, Central Bay and PRA filed a Joint Motion for Judgment based on the Compromise Agreement before the COA to seek its approval. The parties are still waiting for COA's decision on the Joint Motion.

On November 22, 2016, the Subsidiary and the PRA filed a Joint Motion for Judgment ("Joint Motion") based on the Compromise Agreement with the COA. On May 23, 2019, the COA rendered a decision declaring the Compromise Agreement as invalid, and partially granted the Subsidiary's money claims against the PRA amounting to P714.9 million (the "Decision"). On July 25, 2019, a Motion for Reconsideration on the Decision was filed by the Subsidiary with the COA.

On July 30, 2020, the Subsidiary received a notice dated June 28, 2020 that the COA issued a resolution to deny the Motion for Reconsideration filed by the Subsidiary. On August 19, 2020, the Subsidiary filed a Petition for Certiorari (the "Petition") with the Supreme Court praying that the COA resolution be reversed and set aside, and that the Compromise Agreement dated October 14, 2016 be approved and adopted. On September 8, 2020, the Supreme Court required the COA and the PRA to comment on the Petition. On December 16, 2020, the Subsidiary received a Motion for Extension dated December 7, 2020 filed by the Office of the Solicitor General (OSG) praying that he be granted an additional extension of sixty days from December 12, 2020 or until February 10, 2021 to file the Comment on the Petition.

On February 4, 2021, the Subsidiary received a Supreme Court resolution dated January 5, 2021 granting the OSG's Motion for Extension. On February 17, 2021, the Subsidiary received the COA's Comment dated February 3, 2021. On March 22, 2021, the Subsidiary received a Supreme Court resolution dated March 2, 2021 requiring the Subsidiary to file a Reply to the COA's Comment which the later filed on April 23, 2021.

The PRA subsequently filed a Motion to Admit with attached Manifestation and Comment dated September 30, 2021. In its Motion, the PRA prayed that the Supreme Court admit its Comment which was belatedly filed. The PRA substantially adopted the findings of the COA as its Comment on the Subsidiary's Petition for Certiorari. Specifically, while it confirmed that the PRA-validated claim amounted to P1.004 billion, it echoed the COA's findings that only the amount of P714.9 million may be allowed as supported by original documents or evidence.

On the mode of payment to the Subsidiary, the PRA manifested that it shall endeavor to pay in cash whatever the Supreme Court finds the Subsidiary to be entitled to, after due proceedings.

For the years 2021 and 2020, the Group continues to reduce its operational expenses and, through the efforts of its limited personnel and utilizing very restricted resources, the Group was able to consolidate all the records pertaining to the Project from its local and foreign partners.

Due to the cessation of the Project, the Group failed to honor its loan commitments and has incurred significant losses from accumulating interest costs and penalties. Net loss incurred for the years ended December 31, 2021 and 2020 amounted to P2.1 million and 2.3 million, respectively. The accumulated deficit as at December 31, 2021 and 2010 amounted to P11.4 billion and P11.4 billion, respectively. The capital deficiency as at December 31, 2021 and 2020 amounted to P1.5 billion and P1.5 billion, respectively.

Despite the nullification of the Contract, management still intends to continue the Group's operations and utilize any reimbursement that it may obtain from the PRA to fund other business and development ventures.

The ability of the Parent Company and Central Bay to continue as going concern entities will depend on the recoverability of Central Bay's claims for reimbursement from PRA and on the success of any business that the Parent Company and Central Bay may undertake. All of these matters indicate the existence of a material uncertainty which casts significant doubt about the ability of the Parent Company and Central Bay to continue as going concern entities.

2. Basis of Preparation

Statement of Compliance

The consolidated financial statements include the accounts of the Parent Company and its 100%-owned subsidiary, Central Bay Reclamation and Development Authority (the "Group"). The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRS consist of PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations, issued by the Philippine Financial Reporting Standards Council (FRSC) and approved by the Philippine Board of Accountancy.

The consolidated financial statements of the Group as at and for the year ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) on April 12, 2021.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis of accounting.

Basis of Consolidation

A subsidiary is an entity controlled by the Parent Company. In accordance with PFRS 10, *Consolidated Financial Statements*, control exists when an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the Subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements are prepared for the same reporting period using uniform accounting policies for like transactions and other events in similar circumstances.

Functional and Presentation Currency

The consolidated financial statements are presented in Philippine peso, which is also the Parent Company's functional currency. All financial information presented in Philippine peso has been rounded off to the nearest thousand Philippine peso, except when otherwise indicated.

Use of Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from such estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions are recognized in the period in which the judgment and estimates are revised and in any future periods affected.

Judgments

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

Estimates and Assumptions

The key estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from these estimates:

Allowance for Impairment Losses on Receivables

The Group reviews the collectability of its receivables and maintains an allowance for impairment losses on receivables at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group based on available facts and circumstances that affect the collectability of the accounts.

As at March 31, 2022 and December 31, 2021, the Group's allowance for impairment losses on receivables amounted to P128 million (see Note 5).

Estimating Allowance for Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that the carrying amount of an asset may be impaired. If such indication exists, the Group makes an estimate of the asset's recoverable amount. At the reporting date, the Group assesses 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.

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

- significant underperformance relative to the expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; and

- significant negative industry or economic trends.

As at March 31, 2022 and December 31, 2021, impairment losses on project development costs amounted to P6.6 billion (see Note 6). As at March 31, 2022 and December 31, 2021, impairment losses on non-recoverability of other noncurrent assets amounted to P3.0 million (see Note 7).

Provisions
The Group, in the ordinary course of business, sets up appropriate provisions for its present legal or constructive obligations, if any, in accordance with its policies on provisions and contingencies. In recognizing and measuring provisions, management takes risks and uncertainties into account. As at March 31, 2022 and December 31, 2021, the Group does not have any legal or constructive obligations that require provision.

Contingencies
The Group currently has various legal claims. The Group's estimate of the probable costs for the resolution of these claims have been developed in consultation with its legal counsel handling the prosecution and defense of these cases and is based upon an analysis of potential results. As at March 31, 2022 and December 31, 2021, the Group did not accrue any possible losses as a result of the legal claims as they have assessed these cases will not have a material adverse effect on its financial position and results of operations.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

Amended Standards Not Yet Adopted
A number of amended standards are effective for annual periods beginning after January 1, 2021 and have not been applied in preparing the consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

- Annual Improvements to PFRS Standards 2018-2020. This cycle of improvements contains amendments to four standards of which the following is applicable to the Group:

  - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to PFRS 9, *Financial Instruments*). The amendment clarifies that for the purpose of performing the '10 per cent' test for derecognition of financial liabilities, the fees paid net of fees received included in the discounted cash flows include only fees 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. It applies 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. Earlier application is permitted.

- Reference to the Conceptual Framework (Amendment to PFRS 3, *Business Combinations*). The amendments:

  - updated PFRS 3 so that it now refers to the 2018 Conceptual Framework;

- added a requirement that, for transactions and other events within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21, *Levies*, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and

- added an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations occurring in reporting periods starting on or after January 1, 2022. Earlier application is permitted.

- Classification of Liabilities as Current or Noncurrent (Amendments to PAS 1, *Presentation of Financial Statements*). To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least 12 months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;

  - clarified that a right to defer settlement exists only if an entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date; and

  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

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

  In November 2021, the International Accounting Standards Board issued the Exposure Draft, Noncurrent Liabilities with Covenants after considering stakeholder feedback on the December 2020 tentative agenda decision issued by the IFRS Interpretations Committee about the amendments. The exposure draft proposes to again amend IAS 1 as follows:

  - Conditions which the entity must comply within 12 months after the reporting period will have no effect on the classification as current or noncurrent.

  - Additional disclosure requirements will apply to noncurrent liabilities subject to such conditions to enable the assessment of the risk that the liability could become repayable within 12 months.

  - Separate presentation in the statement of financial position will be required for noncurrent liabilities for which the right to defer settlement is subject to conditions within 12 months after the reporting period.

  - The effective date of the amendments will be deferred to no earlier than January 1, 2024.

- Definition of Accounting Estimates (Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). To clarify the distinction between changes in accounting policies and changes in accounting estimates, the amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an accounting estimate is developed to achieve the objective set out by an accounting policy. Developing an accounting estimate includes both selecting a measurement technique and choosing the inputs to be used when applying the chosen measurement technique. The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remain unchanged. The amendments also provide examples on the application of the new definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the amendments are applied.

- Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2, *Making Materiality Judgments*). The amendments are intended to help companies provide useful accounting policy disclosures. The key amendments to PAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The amendments to PFRS Practice Statement 2 includes guidance and additional examples on the application of materiality to accounting policy disclosures.

  The amendments are effective from January 1, 2023. Earlier application is permitted.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current and noncurrent classification. An asset is current when it is: (a) expected to be realized or intended to be sold or consumed in the normal operating cycle; (b) held primarily for the purpose of trading; (c) expected to be realized within 12 months after the reporting period; or (d) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

A liability is current when: (a) it is expected to be settled in the normal operating cycle; (b) it is held primarily for trading; (c) it is due to be settled within 12 months after the reporting period; or (d) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other assets and liabilities as noncurrent.

Financial Instruments

Recognition and Initial Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at the fair value of the consideration given or received. The initial measurement of financial instruments, except for those designated as financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Financial Assets

Classification and Subsequent Measurement. The Group classifies its financial assets at the initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) and FVPL. The classification depends on the contractual cash flow characteristics of the financial assets and the business model of the Group for managing the financial assets.

Subsequent to initial recognition, financial assets are not reclassified unless the Group changes the business model for managing financial assets. All affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The business model refers to how the Group manages the financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The Group considers the following information in assessing the objective of the business model in which a financial asset is held at a portfolio level, which reflects the way the business is managed and information is provided to the Group:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how employees of the business are compensated; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

The Group considers the contractual terms of the instrument in assessing whether the contractual cash flows are solely payments of principal and interest. The assessment includes whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The Group considers the following in making the assessment:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

For purposes of subsequent measurement, financial assets are classified in the following categories: financial assets at amortized cost, financial assets at FVOCI (with or without recycling of cumulative gains and losses) and financial assets at FVPL.

The Group has no financial assets at FVOCI and financial assets at FVPL as at December 31, 2021 and 2020.

Financial Assets at Amortized Cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model with the objective of holding financial assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the consolidated statements of comprehensive income when the financial asset is derecognized, modified or impaired.

The Group's cash in banks and receivables are included under this category.

<u>Financial Liabilities</u>
The Group classifies its financial liabilities, at initial recognition, in the following categories: financial liabilities at FVPL and other financial liabilities. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group has no financial liabilities at FVPL as at December 31, 2021 and 2020.

Other Financial Liabilities. This category pertains to financial liabilities that are not designated or classified as at FVPL. After initial measurement, other financial liabilities are carried at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any premium or discount and any directly attributable transaction costs that are considered an integral part of the effective interest rate of the liability.

The Group's accounts payable and accrued expenses and amounts owed to related parties are included under this category.

Derecognition of Financial Assets and Liabilities

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

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

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group is required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged or 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. The difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

Impairment of Financial Assets

The Group recognizes allowance for ECL on financial assets at amortized cost.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), discounted at the effective interest rate of the financial asset, and reflects reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions.

The Group recognizes an allowance for impairment based on either 12-month or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group recognizes lifetime ECLs for receivables that do not contain significant financing component. The Group uses provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the borrowers and the economic environment.

At each reporting date, the Group assesses whether these financial assets at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The Group considers a financial asset to be in default when a counterparty fails to pay its contractual obligations, or there is a breach of other contractual terms, such as covenants.

The Group directly reduces the gross carrying amount of a financial asset when there is no reasonable expectation of recovering the contractual cash flows on a financial asset, either partially or in full. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The ECLs on financial assets at amortized cost are recognized as allowance for impairment losses against the gross carrying amount of the financial asset, with the resulting impairment losses (or reversals) recognized in the consolidated statements of comprehensive income.

Classification of Financial Instruments between Liability and Equity
Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

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 Group; 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 Group 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.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole or in part, the amount separately determined as the fair value of the liability component on the date of issue.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

Project Development Cost
Project development cost consists of costs directly and clearly associated with the acquisition, development and construction of the Project, less any impairment in value. It includes project mobilization costs, billings from contractors for project and land development, payments to the PRA, borrowing costs incurred during the construction period, professional and legal fees, documentary stamps, foreign exchange losses and other expenses.

Impairment of Nonfinancial Assets
The carrying amount of nonfinancial assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, and if the carrying amount exceeds the estimated recoverable amount, the asset is written down to its recoverable amount. The recoverable amount of the asset is the greater of fair value less costs of disposal and value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. 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. Impairment losses of continuing operations are recognized in the consolidated statements of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income.

Capital Stock and Additional Paid-in Capital

Common Shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Preferred Shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Parent Company's option, and any dividends within equity upon approval by the Parent Company's BOD.

Preferred shares are classified as liability if they are redeemable on a specific date or at the option of the stockholders, or if dividend payments are not discretionary. Dividends thereon are recognized as "interest expense" in the consolidated statements of comprehensive income as accrued.

Additional Paid-in Capital

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Retained Earnings (Deficit)

Retained earnings (deficit) represent the accumulated net income or losses, net of any dividend distributions and other capital adjustments.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

Interest Income

Interest income is recognized using the effective interest method. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Expense Recognition

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

Borrowing Costs

Borrowing costs are recognized as expenses when incurred, except to the extent capitalized. Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized.

Income Taxes

Income tax expense is comprised of current and deferred tax and is recognized in the consolidated statements of comprehensive income except to the extent that it relates to a business combination, or items recognized directly in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefit of NOLCO. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

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

Related Parties

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

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for the year attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the year, with retroactive adjustments for any stock dividends declared.

Diluted earnings (loss) per share is computed by adjusting the net income (loss) for the year attributable to equity holders of the Parent Company and the weighted average number of issued and outstanding common shares during the year, for the effects of all dilutive common shares.

The Group has no potential common shares with dilutive effect.

Provisions

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Any event after the reporting date that provides evidence of conditions that existed at the end of the reporting date (adjusting event) is recognized in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is disclosed in the notes to the consolidated financial statements when material.

4. Financial Risk Management and Financial Instruments

The Group's activities are exposed to a variety of financial risks. These are credit risk and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The BOD has the overall responsibility for the establishment and oversight of the Group's risk management framework, and for the development and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risk faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's credit risk arises principally from cash in banks, receivables, and security deposits. Management and its legal counsel believe that the receivable from the PRA is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002), which provides for the reimbursement of expenses that directly benefited the PRA.

The aging of the Group's financial assets subject to credit risk as at March 31, 2021 and December 31, 2020 are as follows:

March 31, 2022

	High Grade	Standard Grade	Low Grade	Total
Cash in banks	**P1,131**	**P -**	**P -**	**P1,131**
Receivables	**-**	**611,850**	**128,034**	**739,884**
Receivables from related parties	**-**	**-**	**196**	**196**
Security deposits	**-**	**-**	**140**	**140**
	P1,131	**P611,850**	**P128,370**	**P741,351**

December 31, 2021

	High Grade	Standard Grade	Low Grade	Total
Cash in banks	**P1,060**	**P -**	**P -**	**P1,060**
Receivables	**-**	**611,850**	**128,034**	**739,884**
Receivables from related parties	**-**	**-**	**196**	**196**
Security deposits	**-**	**-**	**140**	**140**
	P1,060	**P611,850**	**P128,370**	**P741,280**

Liquidity Risk
Liquidity risk pertains to the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to the possibility that adverse changes in the business environment and/or operations would result in substantially higher working capital requirements and the subsequent difficulty in financing additional working capital.

As discussed in Note 1, the ability of the Group to continue as going concern will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake. The Group is in default of its loan obligations since October 1998.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding impact of netting agreements:

		As at March 31, 2022				
	Note	**Carrying Amount**	**Contractual Cash Flow**	**6 Months or Less**	**6 - 12 Months**	**Over One Year**
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	**P21,587**	**P21,587**	**P21,587**	**P -**	**P -**
Due to related parties	*9*	**2,113,887**	**2,113,887**	**2,113,887**	**-**	**-**
		P2,135,474	**P2,135,474**	**P2,135,474**	**P -**	**P -**

**Excluding withholding tax payable*

		As at December 31, 2021				
	Note	Carrying Amount	Contractual Cash Flow	6 Months or Less	6 - 12 Months	Over One Year
Nonderivative Financial Liabilities						
Accounts payable and accrued expenses*	*8*	P21,587	P21,587	P21,587	P -	P -
Due to related parties	*9*	2,112,757	2,112,757	2,112,757	-	-
		P2,134,344	P2,134,344	P2,134,344	P -	P -

**Excluding withholding tax payable*

Fair Values

The carrying amount of financial assets and liabilities approximate their fair values due to the relatively short-term nature of these financial instruments. The Group is in default of its obligation rendering them due and demandable.

Capital Management

As discussed in Note 1 to the consolidated financial statements, significant events have occurred which indicate the existence of a material uncertainty which casts significant doubt about the ability of the Group to continue as going concern. The ability of the Group to continue as going concern will depend on the recoverability of the Group's claims for reimbursement from PRA and on the success of any business that the Group may undertake.

The Group monitors capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity. Total debt is equivalent to accounts payable and accrued expenses and due to related parties. Capital comprises the capital stock, payable to stockholders for conversion to equity, additional paid-in capital and deficit.

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

5. Receivables

This account as at March 31, 2022 and December 31, 2021 consists of receivables from:

	Note	
PRA	*1*	P611,850
MCRP Construction Corporation		114,460
Tenants		7,327
Others		6,247
		739,884
Less allowance for impairment losses on MCRP Construction Corporation, tenants and others		128,034
	4	P611,850

The above receivables are all currently due and demandable from the debtors.

No impairment loss was made on the Subsidiary's receivable from the PRA, which arose from claims for reimbursements of reclamation costs and expenses paid for by the Subsidiary in behalf of the PRA. Management and its legal counsel believe that the receivable is collectible as the amount is supported by a Supreme Court decision (dated July 9, 2002) which provides for the reimbursement of expenses that directly benefited the PRA (see Note 1).

6. Project Development Cost

This account as at March 31, 2022 and December 31, 2021 consists of:

Excess of acquisition cost over net assets of the Subsidiary	**P3,592,757**
Project Development Cost:	
Professional and legal fees	**1,128,566**
Project and land development costs	**1,107,434**
Capitalized interest and bank charges	**472,318**

Project mobilization costs	**254,736**
Input tax	**53,949**
Documentary stamp tax	**3,204**
	6,612,964
Less allowance for impairment in value of:	
Project development cost	**3,020,207**
Excess of acquisition cost over net assets of the Subsidiary	**3,592,757**
	6,612,964
	P -

The excess of the Parent Company's acquisition cost of the shares of stock of the Subsidiary over the net assets of the Subsidiary pertains to the unbooked appraisal increase pertaining to the Three Islands, as discussed in Note 1. This appraisal increase was based on an independent appraisers' report dated March 20, 1996. The Hypothetical Development Approach in valuing the property was used in the appraisal.

7. Other Noncurrent Assets

This account consists of:

	Note	**March 31, 2022**	December 31, 2021
Prepaid taxes		**P4,564**	P4,462
Receivables from related parties	*4*	**196**	196
Miscellaneous deposits	*4*	**140**	140
Others		**30**	30
		4,930	4,828
Less allowance for impairment losses on prepaid taxes and receivables from related parties		**3,049**	3,049
		P1,881	P1,779

Prepaid taxes consist of input taxes and tax refund. Miscellaneous deposits pertain to security deposits made by the client.

8. Accounts Payable and Accrued Expenses

This account consists of:

	Note	**March 31, 2021**	December 31, 2021
Accrued expenses	*4*	**P19,648**	P19,648
Payable to third party	*4*	**1,939**	1,939
Withholding tax payable		**28**	47
		P21,615	21,634

Accrued expenses are liability to suppliers from cumulative expenses incurred by the Group. The settlement of this account is highly dependent on collection of claims from PRA.

The above payables are all currently due and demandable.

9. Related Party Transactions

In the ordinary course of business, the Parent Company has transactions with related parties summarized as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances Due to Related Parties	Terms and	Conditions
Shareholders						
Prime Orion Philippines Inc. (POPI)						
Cash advance	**Mar 31, 2022**		**P -**	**P6,968**	**Due and demandable;**	**Unsecured**
	Dec 31, 2021		-	6,968	**interest bearing**	
Interest expense	**Mar 31, 2022**	*a*	-	**18,460**		
	Dec 31, 2021			18,460		
Other Shareholders						
Cash advance	**Mar 31, 2022**		-	**31,850**	**Due and demandable;**	**Unsecured**
	Dec 31, 2021		-	31,850	**interest bearing**	
Interest expense	**Mar 31, 2022**	*a*		**2,031,173**		
	Dec 31, 2021		-	2,031,173		
Primera Commercio Holding, Inc.						
Cash advance	**Mar 31, 2022**	*b*	**1,130**	**23,400**	**Due and demandable; non -interest**	**Unsecured**
	Dec 31, 2021		-	22,270	**bearing**	
Italian Thai						
Cash advance	**Mar 31, 2022**		**-**	**2,036**	**Due and demandable; non -interest**	**Unsecured**
	Dec 31, 2021		-	2,036	**bearing**	
	Mar 31, 2022			**P2,113,887**		
	Dec 31, 2021			P2,112,757		

a) Cash advances from POPI and other shareholders bears interest of 15% per annum, compounded annually until fully paid. The payment term which was stipulated in the Repayment Agreement for such advances were approved by the BOD on March 14, 2003. At the option of the above stockholders, payment shall be settled and paid according to any or a combination of the following:

- In cash by the Parent Company;
- In common shares of the Parent Company, through the issue, at par value, by the Parent Company of new common shares. Under this option, the shareholder must exercise his right to convert the Project related payable into common shares of the Parent Company when the weighted average market price of the shares within 30 trading day period is at P0.95 or above, at a price approximate to the par value of the shares; and
- Through assignment by the Parent Company of all its rights, titles and interest in and to any salable portion of the reclaimed land in the Project, as identified by the above stockholders and subject to the BOD's approval.

b) The Parent Company obtains cash advances from Primera to support its day to day operations. These advances are payable on demand. As at March 31, 2022, the stockholders have yet to decide what option to take to settle outstanding payable.

c) The Parent Company obtains non-interest bearing cash advances from Italian Thai to be settled in cash. These advances are due and demandable as at March 31, 2022 and December 31, 2021.

d) The Group has no key management personnel as at March 31, 2022 and December 31, 2021.

As at March 31, 2021 and December 31, 2021, the Group has receivables from related parties amounting to P0.2 million which is fully provided with allowance for impairment losses.

10. Capital Stock

The preferred shares may be issued in tranches or series, redeemable at the option of the Parent Company, non-voting, entitled to preferential and cumulative dividends at the rate not exceeding 12% per annum, and shall have such other rights, preferences, restrictions and qualifications consistent with By-laws and the Articles of Incorporation, as may be fixed by the BOD at the time of their issuance.

As a result of the conversion of payables to equity on November 13, 2012, the Parent Company issued the following shares in full settlement of payable to stockholders amounting to P647.0 million and loan payable amounting to P3.6 billion. The additional paid-in capital, net of direct transaction costs, amounted to P2.9 billion. Direct transaction costs for the issuance of shares amounted to P9.08 million.

The table below shows the equivalent number of common and preferred shares issued to the stockholders of the Parent Company in relation to the conversion of debt to equity:

	Number of Shares	
Stockholders	Common	Preferred
One Bacolod Express Holdings, Inc.	364,577,424	1,609,359,778
Primera Commercio Holding, Inc.	167,578,190	4,858,590,825
Cosco Land Corporation	56,132,206	-
David Go Securities Corporation	42,924,628	-
POPI	15,666,405	-
	646,878,853	6,467,950,603

In 2005, the BOD also approved the conversion to equity of the Parent Company’s payable to POPI and Orion Land, Inc. (a wholly-owned Subsidiary of POPI) amounting to P44.5 million and P2.4 million, respectively, as partial payment for its subscriptions. As at March 31, 2021, there are no updates with regard to this transaction.

11. General and Administrative Expenses

This account consists of:

	March 31, 2021	December 31, 2021
Professional fees	**657**	1,606
Listing fee and filing fee	**250**	253
Meetings and Conferences	**-**	140
Taxes and licenses	**31**	34
Others	**-**	44
	P938	P2,077

“Others” includes various penalties charged by SEC and various expenses relative to PRA claims and equity restructuring.

12. Basic and Diluted Loss Per Share

The following table represents information necessary to calculate loss per share:

	March 31, 2022	December 31, 2021
Net loss (a)	**(P938)**	**(P2,076)**
Weighted average number of shares (b)	**6,323,286**	**6,323,286**
Basic and diluted loss per share (a/b)	**(P0.0001)**	**(P0.0003)**

As at March 31, 2022 and December 31, 2021 there are no dilutive debt or equity instruments.

13. Other Matter

The Subsidiary is contingently liable for lawsuits or claims filed by third parties and a creditor bank which are either pending decision by the Courts or are under negotiation. The outcome of these lawsuits/claims is not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statement.