COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201102137

Company Name

CIRTEK HOLDINGS PHILIPPINES CORPORATION

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

116 EAST MAIN AVENUE, PHASE V SEZ, LAGUNA TECHNOPARK, BIÑAN LAGUNA

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	(632) 7729-6205	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
26	30-Jul	31-Dec

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Brian Gregory Liu	brian.liu@cirtek.ph	(632) 7729-6205	N/A

Contact Person's Address

116 East Main Ave., Phase V SEZ Laguna Technopark, Biñan Laguna

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

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

CIRTEK HOLDINGS
Philippines Corporation

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR SEPARATE FINANCIAL STATEMENTS

The Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the separate financial statements, including the schedules attached therein as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 in accordance with the Philippine Financial Reporting Standards, and for such internal control as Management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

R.S. Bernaldo & Associates, the independent auditors appointed by the stockholders has audited the financial statements of the Parent Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JERRY LIU
Chairman of the Board

JORGE AGUILAR
Vice-Chairman and President

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COLLECTION SECTION

BRIAN GREGORY LIU
EVP & Chief Financial Officer

Signed this 28th day of April 2021.

SUBSCRIBED AND SWORN to before me this APR 3 0 2021 day of ______ 2021 affiants exhibiting to me their respective Community Tax Certificates (CTCs), as follows:

Name	CTC No.	Date of Issue	Place of Issue
JERRY LIU	**CCI2021 08517376**	**January 04,2021**	**City of Manila**
JORGE AGUILAR	**CCI2021 08517382**	**January 04,2021**	**City of Manila**
BRIAN GREGORY LIU	**CCI2021 08517377**	**January 04,2021**	**City of Manila**

Doc. No. 79;
Page No. 17;
Book No. 16;
Series of 2021

SHERLUCK JUN C. VILLEGAS
NOTARY PUBLIC
ROLL NO. 70942
MAKATI CITY, PHILIPPINES

ATTY. SHERLUCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-555 until June 30, 2021
per B.M. No. 3795
Unit 3C LTA Building, 118 Perea St.
Legaspi Village, Makati City
Roll No. 70942
IBP No 097148/12-11-2019/Pasig City
PTR No 8533523/01-04-2021/Makati City
MCLE Compliance No. VI-0028223/August 13, 2019

RSBA R.S. BERNALDO & ASSOCIATES PKF

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of **CIRTEK HOLDINGS PHILIIPPINES CORPORATION** (the "Parent Company"), which comprise the separate statements of financial position as at December 31, 2020 and 2019, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Parent Company as at December 31, 2020 and 2019, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audits of the separate financial statements in 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.

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A: 18/F Cityland Condominium 10 Tower 1
156 H.V. dela Costa Street, Ayala North,
Makati City, Philippines 1226

T: +632 8812-1718 to 24
F: +632 8813-6539
E: rsbassoc@rsbernaldo.com
W: www.rsbernaldo.com

BOA/PRC No. 0300
SEC Group A Accredited
BSP Group B Accredited
CDA CEA Accredited
IC Accredited

Key Audit Matters

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the separate 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, 2020 are expected to be made available to us after the date of this auditor's report.

Our opinion on the separate 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 separate 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 separate financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

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

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

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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audits of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 and 19-2011 in Notes 30 and 31, respectively, to the separate financial statements, is presented for purposes of filing with Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION**. The information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is **ROMEO A. DE JESUS, JR.**

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R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until October 10, 2021
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Valid until 2021 audit period
BIR Accreditation No. 08-007679-000-2020
Valid from February 24, 2020 until February 23, 2023
IC Accreditation No. F-2019-004-R
Valid until October 1, 2022

ROMEO A. DE JESUS, JR.
Managing Partner
CPA Certificate No. 86071
SEC Group A Accredited
Accreditation No. 86071-SEC
Valid until 2024 audit period
BIR Accreditation No. 08-004744-001-2021
Valid from January 25, 2021 until January 24, 2024
Tax Identification No. 109-227-897
IC Accreditation No. SP-2019-004-R
Valid until October 1, 2022
PTR No. 8539809
Issued on January 7, 2021 at Makati City

April 28, 2021

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COLLECTION SECTION

RSBA R.S. BERNALDO & ASSOCIATES PKF

REPORT ON THE SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

We have issued our report dated April 28, 2021 on the basic separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** as of and for the year ended December 31, 2020. Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** taken as a whole. The information in the index to the separate financial statements for the year ended December 31, 2020, which is not a required part of the separate financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **CIRTEK HOLDINGS PHILIPPINES CORPORATION**. The information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
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April 28, 2021

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
CIRTEK HOLDINGS PHILIPPINES CORPORATION
116 East Main Avenue
Phase V-SEZ, Laguna Technopark
Biñan, Laguna

We have audited the separate financial statements of **CIRTEK HOLDINGS PHILIPPINES CORPORATION** for the years ended December 31, 2020 and 2019 on which we have rendered the attached report dated April 28, 2021.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until October 10, 2021
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
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PTR No. 8539809
Issued on January 7, 2021 at Makati City

April 28, 2021

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

(In US Dollars)

	NOTES	2020	2019 *(As Restated)*
ASSETS			
Current Assets			
Cash	6	**28,025,441**	3,303,560
Other receivables	7	**5,217,905**	5,217,905
Due from related parties	14	**147,042,309**	132,265,539
Prepayment and other current assets	9	**2,082**	11,801
		180,287,737	140,798,805
Non-current Assets			
Investments in subsidiaries	10	**89,134,452**	89,134,452
Transportation equipment – net	11	**-**	16,939
		89,134,452	89,151,391
TOTAL ASSETS		**269,422,189**	229,950,196
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accrued expenses and other payables	12	**733,053**	923,293
Loans payable	13	**55,373,209**	34,055,729
Dividends payable	15	**126,955**	29,138
Due to related parties	14	**24,360,917**	29,490,249
Deposit for future stock subscription	16	**189,107**	189,107
Income tax payable		**8,438**	60,000
		80,791,679	64,747,516
Non-current Liability			
Loans payable – net of current portion	13	**50,317,387**	52,469,784
TOTAL LIABILITIES		**131,109,066**	117,217,300
STOCKHOLDERS' EQUITY			
Common Stock	17	**9,594,321**	9,594,321
Preferred Stock	17	**3,032,140**	2,615,995
Additional Paid-in Capital	17	**120,053,514**	100,469,659
Net Changes in Fair Value of Equity Investment at FVOCI	8	**(1,667,000)**	(1,667,000)
Retained Earnings		**7,300,148**	1,719,921
TOTAL STOCKHOLDERS' EQUITY		**138,313,123**	112,732,896
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**269,422,189**	229,950,196

(See Notes to Separate Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2020 and 2019

(With Comparative Figures for the Year Ended December 31, 2018)

(In US Dollars)

	NOTES	2020	2019	2018
DIVIDEND INCOME	10,14	**15,500,000**	8,300,000	15,900,000
FINANCE INCOME	6	**57,423**	8,783	11,154
		15,557,423	8,308,783	15,911,154
FINANCE COSTS	13,18	**3,563,090**	3,293,615	3,820,613
OPERATING EXPENSES	19	**750,495**	560,603	510,216
OTHER EXPENSE – net	20	**953,606**	184,866	103,937
PROFIT BEFORE TAX		**10,290,232**	4,269,699	11,476,388
INCOME TAX	21	**8,438**	60,000	201,584
PROFIT		**10,281,794**	4,209,699	11,274,804
TOTAL COMPREHENSIVE INCOME		**10,281,794**	4,209,699	11,274,804
Basic Earnings per Share	22	**0.01451**	0.00025	0.01690

(See Notes to Separate Financial Statements)

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CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020 and 2019
(With Comparative Figures for the Year Ended December 31, 2018)
(In US Dollars)

	Notes	Common Stock	Preferred Stock	Additional Paid-in Capital	Net Changes in Fair Value of Equity Investment at FVOCI	Retained Earnings	Total
Balance at January 1, 2018		9,594,321	2,037,113	100,469,659	(1,667,000)	407,956	110,842,049
Collection of subscription receivable	17		578,882				578,882
Profit						11,274,804	11,274,804
Cash dividends declared	15					(8,073,733)	(8,073,733)
Balance, December 31, 2018		9,594,321	2,615,995	100,469,659	(1,667,000)	3,609,027	114,622,002
Profit						4,209,699	4,209,699
Cash dividends declared, as restated	15,27					(6,098,805)	(6,098,805)
Balance, December 31, 2019, as restated		9,594,321	2,615,995	100,469,659	(1,667,000)	1,719,921	112,732,896
Issuance of preferred stock	17		416,145	19,583,855			20,000,000
Profit						10,281,794	10,281,794
Cash dividends declared	15					(4,701,567)	(4,701,567)
Balance, December 31, 2020		9,594,321	3,032,140	120,053,514	(1,667,000)	7,300,148	138,313,123

(See Notes to Separate Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019
(With Comparative Figures for the Year Ended December 31, 2018)
(In US Dollars)

	NOTES	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		10,290,232	4,269,699	11,476,388
Adjustments for:				
Finance cost	13,18	3,563,090	3,293,615	3,820,613
Unrealized foreign exchange loss – net	20	1,319,000	178,641	66,667
Depreciation	11,19	16,939	16,939	16,939
Finance income	6	(57,423)	(8,783)	(11,154)
Dividend income	10,14	(15,500,000)	(8,300,000)	(15,900,000)
Operating cash flows before changes in working capital		(368,162)	(549,889)	(530,547)
Decrease (Increase) in operating assets:				
Other receivables		-	(5,217,905)	-
Prepayment and other current assets		10,184	6,439	(12,410)
Decrease in accrued expenses and other payables		(20)	(587,688)	(78,969)
Cash used in operations		(357,998)	(6,349,043)	(621,926)
Dividends received	10,14	15,500,000	8,300,000	5,900,000
Income taxes paid		(60,000)	(201,584)	-
Net cash from operating activities		15,082,002	1,749,373	5,278,074
CASH FLOWS FROM INVESTING ACTIVITIES				
Collection of advances to related parties	14	22,771,577	75,004,851	60,341,312
Finance income received	6	57,423	8,783	11,154
Advances granted to related parties	14	(38,657,796)	(58,372,962)	(63,326,643)
Net cash from (used in) investing activities		(15,828,796)	16,640,672	(2,974,177)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from availments of loans	13	67,290,415	18,584,593	11,238,000
Advances received from related parties	14	-	19,071,313	7,068,169
Finance cost paid	13,18	(3,749,449)	(2,732,178)	(3,174,172)
Cash dividends paid	15	(4,603,750)	(6,090,268)	(8,053,133)
Payments of loans	13	(48,530,677)	(20,233,983)	(4,228,286)
Advances paid to related parties	14	(5,129,332)	(30,443,671)	(16,060,706)
Collection of subscription receivable	17	-	-	578,882
Deposit for future stock subscription	16	-	-	189,107
Issuance of preferred stock	17	20,000,000	-	-
Net cash from (used in) financing activities		25,277,207	(21,844,194)	(12,442,139)
EFFECTS OF FOREIGN EXCHANGE RATE IN CASH	6	191,468	264,312	(66,667)
NET INCREASE (DECREASE) IN CASH		24,721,881	(3,189,837)	(10,204,909)
CASH AT BEGINNING OF YEAR		3,303,560	6,493,397	16,698,306
CASH AT END OF YEAR		28,025,441	3,303,560	6,493,397

(See Notes to Separate Financial Statements)

CIRTEK HOLDINGS PHILIPPINES CORPORATION
NOTES TO SEPARATE FINANCIAL STATEMENTS
December 31, 2020 and 2019
(With Comparative Figures for the Year Ended December 31 2018)

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Cirtek Holdings Philippines Corporation (the "Parent Company") was incorporated under the laws of the Republic of the Philippines on February 10, 2011. The principal activities of the Parent Company are to invest in, purchase or acquire personal property of every kind, including shares of stocks, bonds, debentures, notes, evidences of indebtedness, and other securities.

The Parent Company was listed in the Philippine Stock Exchange (PSE) on November 18, 2011.

Prior to the listing, the Parent Company had undergone a corporate re-organization on March 1, 2011 which includes an acquisition from Cirtek Holdings, Inc. (CHI) of 155,511,952 common shares of Cirtek Electronics Corporation (CEC), and 50,000 shares of Cirtek Electronics International Corporation (CEIC), representing 100% of the outstanding capital stock of both companies. The above transaction was treated as a business combination of entities under common control and was accounted for similar to pooling-of-interests method. Camerton Inc. is the immediate parent of the Parent Company, while Carmetheus Holdings, Inc. is the ultimate parent company.

On February 19, 2020, the Securities and Exchange Commission (SEC) approved the ₱2,000,000,000 worth of Commercial Papers (CPs) of the Company. On the following day, the CPs have been listed in the Philippine Dealing and Exchange Corporation. The CPs may be issued in lump-sum or in tranches as follows:

Series	Discount Rate	Tenor	Denomination
A	5.332%	91 days	Minimum of ₱5,000,000 face value and increments of ₱100,000
B	5.582%	182 days	Minimum of ₱5,000,000 face value and increments of ₱100,000
C	5.832%	364 days	Minimum of ₱500,000 face value and increments of ₱100,000

The proceeds will be used to refinance the existing debt of the Parent Company and finance working capital requirement.

The accounting and administrative functions of the Parent Company are handled by CEC.

The Parent Company is 77.93% owned by Camerton, Inc., a domestic corporation, 21.69% owned by Filipino individuals and 0.38% owned by foreign individuals.

The Parent Company's registered office address is at 116 East Main Avenue, Phase V-SEZ, Laguna Technopark, Biñan, Laguna.

Effect of COVID-19

In order to hasten the achievement of herd immunity against COVID-19 within the company and ensure the good health of its employees, this year Cirtek's Top Management has facilitated the reservation of vaccines by tying up with a leading pharmaceutical company that cooperates with the appropriate government agencies and ordering of adequate number of vaccines. This move is welcomed by Cirtek's employees who desire to be vaccinated at the soonest possible time. The Company continues to implement/enforce its policy Workplace Policy and Program on COVID-19 Prevention and Control in compliance with DOLE and DOH regulations. Moreover, a work-from-home policy specially in office staff and staggered attendance scheme are currently in place.Amidst the global pandemic, the Company is experiencing a good booking in product orders for medical chips supplied to medical equipment end customers globally. In view of the manifestation of COVID-19 around the world, it is critical for hospitals to have enough medical equipment to save lives, flatten the curve, prevent further spread of the virus and control the pandemic. The Cirtek Group has been tapped by several of its customers for chips used in medical equipment desperately needed all over the world. Cirtek Group is able to produce 1 million chips per week for these devices that are in urgent demand which medical practitioners rely on nor can function without key parts manufactured by the Company in its Laguna Technopark facility.This year 2021, there is a strong demand of semi-conductor devices due to shortage because of insufficient production last 2020 semiconductor companies particularly large multinational companies who did not invest from additional capex to increase in capacity because of global pandemic. The global semi-conductor sales is expected to have a significant growth, all the markets are increasing orders particulary telecommunications, industrial, automotive, medical, computing including IOT etc because of the shortage.

In line with the Company's social responsibility, it is stepping up beyond its call of duty to exert more effort in curbing down the global pandemic. The Cirtek Group has donated hundreds of thousands worth of Personal Protective Equipment (PPE) to various hospitals locally. The Cirtek Group remains operational with a work schedule of 24 hours a day 6 days a week to keep up with the pace in global demand.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

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

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

2.01 New and Revised PFRSs Applied with No Material Effect on the Separate Financial Statements

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

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

  The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. It narrows the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing reference to an ability to reduce costs. It adds guidance and illustrative examples to help entities assess whether a substantive process has been acquired. It removes the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. It adds an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

  The amendments are effective beginning on or after January 1, 2020.

- Amendments to PAS 1 and PAS 8, *Definition of Material*

  The definition of material has been amended as follows: information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

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

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the separate financial statements.

2.02.01 Standard Adopted by FRSC and Approved by the Board of Accountancy (BOA)

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

  The following are the amendments to PFRS 16:

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

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

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

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

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

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

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

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

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

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

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

  The amendments are effective for annual periods beginning on or after January 1, 2022, with earlier application permitted. Entities apply the amendments to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

- Annual Improvements to PFRS Standards 2018-2020 Cycle

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

  Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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

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

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

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

  The amendments to PAS 1 are the following:

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

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

- PFRS 17, *Insurance Contracts*

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

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

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

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

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

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

<u>*2.02.02 Deferred*</u>

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

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

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

3. BASIS FOR THE PREPARATION AND PRESENTATION OF SEPARATE FINANCIAL STATEMENTS

3.01 Statement of Compliance

The separate financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried either at fair value or amortized cost.

3.02 Functional and Presentation Currency

Items included in the separate financial statements of the Parent Company are measured using United States Dollar ($), the currency of the primary economic environment in which the Company operates (the "functional currency").

The Parent Company chose to present its separate financial statements using its functional currency.

3.03 Basis of Preparation

These separate financial statements were based from the Parent Company's own transactions, exclusive of transactions of the Parent Company's subsidiaries, the latter transactions being used in the preparation of the consolidated financial statements, which are also available for public use.

3.04 Current and Non-Current Presentation

The Parent Company classifies an asset as current when:

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

The Parent Company classifies all other assets as non-current.

The Parent Company classifies a liability as current when:

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

The Parent Company classifies all other liabilities as non-current.

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.01 Fair Value Measurement

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

When measuring fair value, the Parent Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement

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

Except for receivables that do not have a significant financing component, at initial recognition, the Parent Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

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

4.02.02 Classification

➢ Financial Asset at Amortized Cost

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

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

The Parent Company's financial assets measured at amortized costs include cash in banks, other receivables, due from related parties, and miscellaneous deposit under prepayment and other current assets.

a) Cash

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

b) Other Receivables and Due from Related Parties

Other receivables and due from related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

➢ Financial Asset at Fair Value through Other Comprehensive Income

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

The Parent Company's financial assets measured at financial asset at fair value through other comprehensive income pertains to an investment in unquoted equity shares.

The Parent Company has no financial assets measured at fair value through profit or loss in both years.

4.02.03 Reclassification

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

4.02.04 Effective Interest Method

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

4.02.05 Impairment

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

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

The Parent Company adopted general approach in accounting for impairment.

➢ General Approach

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

The Parent Company compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Parent Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Parent Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

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

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

The Parent Company performs the assessment of significant increases in credit risk on an individual basis.

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

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

4.02.06 Derecognition

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

4.02.07 Write-off

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

4.03 Prepayment and Other Current Assets

4.03.01 Prepayment

Prepayment represents expense not yet incurred but already paid in cash. This is initially recorded as asset and measured at the amount of cash paid. Subsequently, this is charged to profit or loss as it is consumed in operations or expire with the passage of time.

Prepayment is classified in the separate statement of financial position as current asset when the expense related to prepayment is expected to be incurred within one year or the Parent Company's normal operating cycle whichever is longer. Otherwise, prepayment is classified as a non-current asset.

4.03.02 Input VAT

Input VAT arises from the purchase of goods or services. This is applied against output VAT. The remaining balance is recoverable in future periods. This is carried at cost less allowance for impairment loss, if any. Impairment loss is recognized when input VAT can no longer be recovered.

4.04 Investments in Subsidiaries

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

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

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

4.05 Transportation Equipment

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

Subsequent expenditures relating to an item of transportation equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Parent Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation of transportation equipment is computed on the straight-line method based on the estimated useful life of five (5) years.

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

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

4.06 Impairment of Assets

At each reporting date, the Parent Company assesses whether there is any indication that any of its assets other than financial assets that are within the scope of PFRS 9, *Financial Instruments,* may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Parent Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

4.07 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.08 Financial Liabilities

4.08.01 Initial Recognition and Measurement

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

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

4.08.02 Classification

The Parent Company classifies all financial liabilities as subsequently measured at amortized cost, except for:

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

The Parent Company's financial liabilities at amortized cost pertain to accrued expenses and other payables (except withholding taxes payable and provisions), loans payable, dividends payable, due to related parties, and deposit for future stock subscription.

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

4.08.03 Deposit for Future Stock Subscription

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

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

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

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

4.08.04 Derecognition

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

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

4.09 Equity Instruments

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

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

4.10 Employee Benefits

4.10.01 Short-term Benefits

The Parent Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits that the Parent Company may give should there be any employees include salaries and wages, medical benefits, SSS, Philhealth and HDMF contributions and other benefits. In both years, the Parent Company does not have employees.

4.11 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

4.12 Revenue Recognition

4.12.01 Dividend Income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Parent Company and the amount of revenue can be measured reliably.

4.12.02 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Parent Company and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.13 Expense Recognition

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

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

4.14 Foreign Currency Transactions

In preparing the financial statements of the Parent Company, transactions in currencies other than the Parent Company's functional currency, i.e. foreign currencies, are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4.15 Related Parties and Related Party Transactions

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

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

- The entity and the Parent Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

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

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

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

4.16 Taxation

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

4.16.01 Current Tax

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

4.16.02 Deferred Tax

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

Deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Parent Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

4.16.03 Current and Deferred Taxes for the Period

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

4.16.04 Final Tax on Dividend

When the Parent Company pays dividends to its shareholders, it may be required to pay a portion of the dividends to taxation authorities on behalf of its shareholders. In many jurisdictions, this amount is referred to as a withholding tax. Such an amount paid or payable to taxation authorities is charged to equity as a part of the dividends.

4.17 Earnings per Share

The Parent Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

4.18 Events after the Reporting Period

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

4.19 Changes in Accounting Policies

The adoption of the new and revised standards and as disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Parent Company's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the Parent Company's accounting policies and that have the most significant effect on the amounts recognized in separate financial statements.

5.01.01 Functional Currency

The Parent Company determines its functional currency based on the economic substance of the underlying circumstances relevant to them. The US Dollar ($) is the currency that most faithfully represents the primary economic environment in which the Parent Company operates and it is the currency that mainly influences the underlying transactions, events and conditions relevant to the Parent Company. Hence, Management believes that US Dollar ($) is the Parent Company's functional currency since it represents the economic substance relevant to the Parent Company.

5.01.02 Assessment of Control

The Parent Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Parent Company controls an entity when it has the three (3) elements of control, as disclosed in Note 4. In making its judgments, the Parent Company considers all facts and circumstances when assessing control over an investee. A reassessment of control is conducted when there are changes to one or more of the three (3) elements of control. Any changes from at least one (1) of the elements would result to lose or gain of control over an entity.

In both years, the Parent Company, having one hundred percent (100%) ownership and voting interest, assessed that it has control over all of its subsidiaries since it has power over the subsidiaries, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns. The carrying amounts of investments in subsidiaries amounted to $89,134,452 in both years, as disclosed in Note 10.

5.01.03 Assessment of Contractual Terms of a Financial Asset

The Parent Company determines whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Parent Company considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of the financial assets are solely payments of principal and interest and consistent with the basic lending arrangement except for equity investments measured at fair value through other comprehensive income. In both years, carrying amount of financial asset at FVOCI amounted to nil. As of December 31, 2020 and 2019, the aggregate carrying amounts of the Parent Company's financial assets at amortized cost amounted to $180,287,737 and $140,788,978, respectively, as disclosed in Note 24.

5.01.04 Assessment on the Bifurcation of Embedded Derivative

The Parent Company determines whether the embedded derivative component of the Parent Company's Note Facility Agreement (NFA) should be modified in relation to changes in a variable, such as an interest rate, commodity price, credit rating, or foreign exchange rate.

The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus it was not bifurcated from the host contract based on the provisions of PFRS 9. As of December 31, 2020 and 2019, carrying amounts of long-term loans amounted to $57,681,785 and $61,940,920, respectively, as disclosed in Note 13.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimated uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Estimating Allowance for Expected Credit Losses

The Parent Company evaluates the expected credit losses related to its financial assets based on an individual assessment and available facts and circumstances, including, but not limited to historical experience, macro-economic factors, industry performance, and financial information.

The Parent Company uses credit ratings, performance of banking industry, macro-economic and bank's financial information to assess the expected credit losses on its cash in banks. In view of the foregoing factors, Management believes that the expected credit loss is nil.

The Parent Company uses performance of client industry, macro-economic factors and economy's outlook to assess the expected credit losses on its other receivables, due from related parties, and miscellaneous deposit. In view of the foregoing factors, Management believes that the expected credit loss on other receivables and due from related parties is nil.

As of December 31, 2020 and 2019, the aggregate carrying amounts of aforementioned financial assets amounted to $180,287,737 and $140,788,978, respectively, as disclosed in Note 24.01.

5.02.02 Reviewing Residual Values, Useful Life and Depreciation Method of Transportation Equipment

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

In both years, Management assessed that there are no indications of any change in pattern used by the Parent Company in consuming its transportation equipment's future economic benefits. As of December 31, 2020 and 2019, transportation equipment's carrying amount is nil and $16,939, respectively, as disclosed Note 11.

5.02.03 Asset Impairment

Impairment review is performed when certain impairment indicators are present. Determining the fair values of prepayment and other current assets (except miscellaneous deposit), transportation equipment, and investment in subsidiaries requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. In assessing value in use, the estimated future cash flows shall be discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

While it is believed that the assumptions used in the estimation of fair values reflected in the separate financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse impact on the results of operations.

In both years, Management assessed that there is no indication of impairment on its prepayment and other current assets (except miscellaneous deposit), transportation equipment, and investment in subsidiaries. As of December 31, 2020 and 2019, the aggregate carrying amounts of the aforementioned assets amounted to $89,134,452 and $89,161,218, respectively, as disclosed in Notes 9, 10, and 11.

5.02.04 Recoverability of Deferred Tax Assets

The Parent Company reviews the carrying amount at reporting date and reduces deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized prior to its expiration.

In both years, based on Management's evaluation of its expected taxable profit in the near future, the Parent Company will not be able to utilize the benefit of the deferred tax assets. As of December 31, 2020 and 2019, the unrecognized deferred tax assets amounted to $1,310,515 and $951,085, respectively, as disclosed in Note 21.

5.02.05 Estimating the Fair Value of Financial Assets at FVOCI

The Company carries some of its financial assets, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, interest rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets would affect directly the profit or loss and equity.

In both years, Management assessed that the fair value of financial assets at fair value through other comprehensive income amounted to nil.

6. CASH

For the purpose of the separate statements of cash flows, cash includes cash in banks.

Cash at the end of the reporting period as shown in the separate statements of cash flows can be reconciled to the related items in the separate statements of financial position. As of December 31, 2020 and 2019, cash in banks amounted to $28,025,441 and $3,303,560, respectively.

Cash in banks earn interest at floating rates. Finance income earned from bank deposits amounted to $57,423, $8,783, and $11,154 in 2020, 2019 and 2018, respectively.

In 2020, 2019 and 2018, unrealized foreign exchange gains (losses) recognized amounted to $(191,468), $264,312, and $(66,667), respectively, as disclosed in Note 20.

7. OTHER RECEIVABLES

Other receivables pertain to the financial support extended to Caytron International Limited, the Parent Company's supply chain business partner in China. The amount is non-interest bearing and collectible on demand. As of December 31, 2020 and 2019, the carrying amounts of other receivables amounted to $5,217,905.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Parent Company's financial assets at fair value through other comprehensive income consist of unquoted equity shares representing 11% of the equity of Cloud Mondo Inc., acquired at a cost of $1,667,000 as of December 31, 2017, but has been revalued at fair value as of January 1, 2018 amounting to nil. The fair value of the equity investment is obtained through market comparable approach (Level 3). The price is indicative of actual and regularly occurring market transactions on an arm's length basis.

In 2020 and 2019, the fair value of the investment in unquoted equity instrument was based on the adjusted net asset value (NAV) approach. Under NAV approach, the fair value was derived by determining the fair value of each identifiable assets and liabilities of the investee. As of December 31, 2020 and 2019, the investee company is at start-up phase and has not yet commenced operations.

There were no disposals of equity investment in both years.

Fair value of financial assets at fair value through other comprehensive income amounted to nil in both years.

9. PREPAYMENT AND OTHER CURRENT ASSETS

The details of the Parent Company's prepayment and other current assets are shown below:

	2020	2019
Prepaid expense	$ -	$ 6,583
Input VAT	-	3,244
Miscellaneous deposit	2,082	1,974
	$ 2,082	$ 11,801

In 2020, 2019 and 2018, unrealized foreign exchange gain recognized amounted to $466, $534, and nil, respectively, as disclosed in Note 20.

10. INVESTMENTS IN SUBSIDIARIES

Details of the Parent Company's investments in subsidiaries accounted at cost are as follows:

Name of Subsidiaries	Principal Activity
Cirtek Electronics International Corporation (CEIC)	Trading
Cirtek Electronics Corporation (CEC)	Manufacturing
Cirtek Advances Technologies and Solutions, Inc.- BVI (CATS)	Manufacturing
CATS- Philippine Branch (CATS-PB)	Branch Office
RBW Real Property, Inc. (RBWRP)	Real Property Developer
Quintel Cayman (QC)	Manufacturing
Quintel Technology, Ltd. (QTL)	Manufacturing
Quintel USA (QU)	Manufacturing
Telecom Quintel Mauritius, Ltd. (TQM)	Manufacturing

The table below summarizes the place of incorporation as well as the proportion of ownership and voting interest of the Parent Company's subsidiaries:

Name of Subsidiaries	Place of Incorporation and Operation	Proportion of Ownership and Voting Interest			
		2020		2019	
		DIRECT	INDIRECT	DIRECT	INDIRECT
CEIC	British Virgin Islands	100%		100%	
CEC	Philippines	100%		100%	
CATS	British Virgin Islands		100%		100%
CATS-PB	Philippines		100%		100%
RBWRP	Philippines		100%		100%
Quintel Cayman	Cayman Islands		100%		100%
Quintel Technology, Ltd.	United Kingdom		100%		100%
Quintel USA	USA		100%		100%
Telecom Quintel Mauritius, Ltd.	Republic of Mauritius		100%		100%

This account consists of:

	2020	2019
CEIC	**$ 86,143,703**	$ 86,143,703
CEC	**2,990,749**	2,990,749
	$ 89,134,452	$ 89,134,452

No additional investments in subsidiaries in 2020 and 2019.

In 2020, 2019 and 2018, the subsidiaries declared dividends totaling $15,500,000, $8,300,000, and $15,900,000, respectively, as disclosed in Note 14

11. TRANSPORTATION EQUIPMENT – net

The carrying amounts of the Parent Company's transportation equipment are as follows:

	2020	2019
January 1		
Cost	**$ 84,696**	$ 84,696
Accumulated depreciation	**(67,757)**	(50,818)
Carrying Amount	**16,939**	33,878
Movements during the year		
Balance, January 1	**16,939**	33,878
Depreciation (Note 19)	**(16,939)**	(16,939)
Balance, December 31	**-**	16,939
December 31		
Cost	**84,696**	84,696
Accumulated depreciation	**(84,696)**	(67,757)
Carrying Amount	**$ -**	$ 16,939

In 2020, 2019 and 2018, depreciation recognized amounted to $16,939, as disclosed in Note 19.

In both years, there is neither additions made, nor transportation equipment held as a collateral to a loan agreement.

In both years, the Parent Company has determined that there is no indication that impairment has occurred on its transportation equipment.

12. ACCRUED EXPENSES AND OTHER PAYABLES

Component of accrued expenses and other payables account are as follows:

		2020		2019
Accrued expenses	$	196,031	$	98,153
Accrued interest payable (Note 18)		375,079		561,438
Withholding taxes payable		161,943		111,862
Provisions		-		151,840
	$	733,053	$	923,293

Accrued expenses include professional, management and audit fees.

In January 2019, the Parent Company received a request for explanation from the Philippine Stock Exchange (PSE) about the 2018 transactions involving the Parent Company's shares. However, the Parent Company is still under discussion with the PSE during to the finalization of the 2018 financial statements, thus the timing of the cash flows is still uncertain and is therefore allowed by the standard to recognize provisions for claims amounting to $151,840. In 2019, the Company is still under discussion with PSE on the settlement of the claims. In 2020, the Company settled its provision for claims.

In 2020, 2019 and 2018, unrealized foreign exchange loss recognized amounted to $3,861, $5,549, and nil, respectively, as disclosed in Note 20.

13. LOANS PAYABLE

The Parent Company's borrowings pertain to bank short-term and long-term loans.

		Current		Non-current		Total
December 31, 2020						
Short-term loans (Note 13.01)	**$**	**$48,008,811**	**$**	**-**	**$**	**48,008,811**
Long-term loans (Note 13.02)		**7,364,398**		**50,317,387**		**57,681,785**
		$55,373,209		**50,317,387**		**105,690,596**
December 31, 2019						
Short-term loans (Note 13.01)		24,584,593		-		24,584,593
Long-term loans (Note 13.02)		9,471,136		52,469,784		61,940,920
	$	34,055,729	$	52,469,784	$	86,525,513

13.01 Short-term Loans

Details of short-term loans are as follows:

		2020		2019
China Banking Corporation (CBC)	$	-	$	10,500,000
Rizal Commercial Banking Corporation (RCBC)		2,762,100		10,084,593
Shinhan Bank – Manila Branch		3,600,000		4,000,000
	$	6,362,100	$	24,584,593
Commercial paper		41,646,711		-
	$	48,008,811	$	24,584,593

The Securities and Exchange Commission (the "Commission") has approved on February 12, 2020 the Company's Amended Registration of up to Two Billion Pesos (Php2,000,000,000.00) worth of Commercial Paper (CPs), which will be listed on the Philippine Dealing and Exchange Corp. on February 20, 2020; further, the Commission has subsequently issued a Certificate of Permit to Offer Securities for Sale authorizing the sale and distribution of the aforesaid securities. The CPs may be issued in lump-sum or in tranches and shall have an interest rate fixed prior to the issuance. The succeeding tranches, if any, shall be issued within three (3) years from the date of effectivity of the subject Amended Registration Statement.

On February 14, 2020, the Company was authorized by the Commission to issue Php2,000,000,000 worth of commercial papers (the "CPs"). The Initial Issuance of Series A, B and C will carry Discount Rates of 5.332%, 5.582%, and 5.832%, respectively, calculated on a true-discount basis. The Initial Issuance will have the following tenors: 91 days, 182 days, and 364 days for Series A, B and C, respectively. Multinational Investment Bancorporation as a Sole Arranger and Lead Underwriter.

On May 29, 2020, Listing of Reissued Cirtek Holdings Philippines Corporation Php275,000,000.00 Commercial Paper Maturing February 18, 2021.

On July 15, 2020, Listing of Reissued Cirtek Holdings Philippines Corporation Php 494,000,000.00 Commercial Paper Maturing February 18, 2021.

On September 1, 2020, Listing of Reissued Cirtek Holdings Philippines Corporation Php545,200,000 Commercial Paper Maturing February 18, 2021.

Terms and conditions of short-term loans are as follows:

- Revolving loan facilities with CBC, which have payment terms of 60 to 180 days, unsecured and charged interest of 5.00% per annum in both years.
- Revolving loan facilities with RCBC, which have payment terms of 180 days, unsecured and charged interest of 3.95% and 3.45% in 2020 and 2019, respectively.
- Loan agreement with Shinhan-Manila Branch is unsecured, payable in one year and has a fixed rate of 4.8% per annum. In 2020, the term of loan was extended until August 30, 2021 with interest of 3.75% per annum.

Movements of the short-term loans are as follows:

	2020	2019	2018
Balance at January 1	$ 24,584,593	$ 15,210,000	$ 43,972,000
Proceeds from availment of loan	67,290,415	18,584,593	11,238,000
Unrealized foreign exchange loss (Note 20)	405,346	153,232	-
Loan repayments	(44,271,542)	(9,368,232)	-
Reclassified to long-term loans (Note 13.02.03)	-	-	(40,000,000)
Balance at December 31	$ 48,008,812	$ 24,584,593	$ 15,210,000

In 2020, 2019 and 2018, finance costs incurred and paid on short-term loans amounted to $1,933,879, $585,673, and $1,100,000, respectively, as disclosed in Note 18.

In 2020, 2019 and 2018, unrealized foreign exchange loss recognized amounted to $405,346, $158,232, and nil, respectively, as disclosed in Note 20.

In both years, the Parent Company has complied with all the requirements and has no default payments.

13.02 Long-term Loans

Details of long-term loans are as follows:

	Current	Non-current	Total
December 31, 2020			
Principal	**$ 7,500,000**	**$ 50,500,000**	**$ 58,000,000**
Deferred finance cost	**(135,602)**	**(182,613)**	**(318,215)**
	$ 7,364,398	**$ 50,317,387**	**$ 57,681,785**
December 31, 2019			
Principal	$ 9,500,000	$ 52,750,000	$ 62,250,000
Deferred finance cost	(28,864)	(280,216)	(309,080)
	$ 9,471,136	$ 52,469,784	$ 61,940,920

Movements of long-term loans are as follows:

	2020	2019	2018
Balance at January 1	$ 61,940,920	$ 72,806,671	$ 37,034,957
Loan repayments	(4,259,135)	(10,865,751)	(4,228,286)
Reclassified from short-term loans (Note 13.01)	-	-	40,000,000
Balance at December 31	$ 57,681,785	$ 61,940,920	$ 72,806,671

Movements of deferred financing costs are as follows:

		2020		2019		2018
Balance at January 1	$	**309,082**	$	443,329	$	572,430
Transaction costs recognized during the year		**3,309,923**		3,667,820		2,567,014
Amortization		**(3,300,790)**		(3,802,067)		(2,696,115)
Balance at December 31	$	**318,215**	$	309,082	$	443,329

13.02.01 2014 Note Facility Agreement (NFA)

On December 18, 2014, the Parent Company entered into $10,000,000 Notes Facility Agreement with Metropolitan Bank & Trust Company (Initial Noteholder), Metropolitan Bank & Trust Company - Trust Banking Group (Facility and Paying Agent) and First Metro Investment Corporation (Arranger). The NFA bears interest of 3.14% per annum payable quarterly. The net proceeds of the issuance of the NFA shall be used to finance the Group's strategic acquisitions and for general corporate purposes.

Under the NFA, the Parent Company shall pay 30% of the loan outstanding on issue date in twelve (12) equal consecutive quarterly installments in the amount equivalent to 2.5% of loan outstanding on issue date commencing on the end of the 5th quarter until end of the 16th quarter from the Issue date. The remaining 70% of the loan outstanding on issue date is payable in four (4) equal consecutive quarterly installments in the amount equivalent to 17.5% if the loan outstanding on issue date commencing on the 17th quarter from the issue date until the maturity date, provided that each such date shall coincide with an interest payment date, and that the last installment shall be in an amount sufficient to fully pay the loan.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Parent Company may redeem in whole but not in part, the relevant outstanding notes beginning on and after the third anniversary of the issue date, by paying the amount that is equivalent to 102% of the unpaid principal amount together with any and all accrued interest up to the date of redemption at the applicable rate. The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 2:1;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.5; and
- Current ratio shall not, at any time, be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Parent Company. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the issuer and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the net cash provided by operating activities plus unrestricted cash (as shown in the most recent audited consolidated financial statements) divided by the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all payments owing, scheduled repayments of principal, interest expenses (including capitalized interest expenses) and fees payable, whether or not actually paid, in respect of any debt, whether or not actually paid.

The loan was fully paid in 2019.

The Parent Company is compliant with the terms and conditions of the aforementioned loan agreement.

13.02.02 2016 NFA

On September 20, 2016, the Parent Company entered into a $30,000,000 NFA with Bank of the Philippine Islands (Initial Note Holder), BPI Asset Management and Trust Group (Facility and Paying Agent) and BPI Capital Corporation (Arranger). The NFA provided for the issuance of 5-year fixed rate corporate note which bears interest of 4.0% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used for capital expenditures, including production facilities and to refinance existing debt obligation and for working capital requirement.

Under the NFA, the Parent Company shall pay 30% of the loan outstanding on issue date in twelve (12) equal consecutive quarterly installments in the amount equivalent to 2.5% of loan outstanding on issue date commencing on the end of the 5th quarter until end of the 16th quarter from the Issue date. The remaining 70% of the loan outstanding on issue date is payable in four (4) equal consecutively quarterly installments in the amount equivalent to 17.5% if the loan outstanding on issue date commencing on the 17th quarter from the issue date until the maturity date, provided that each such date shall coincide with an interest payment date, and that the last installment shall be in an amount sufficient to fully pay the loan.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Parent Company may redeem in whole or in part, equivalent to an amount not less than $100,000, the relevant outstanding notes on any interest payment date beginning on the third anniversary of the issue date, by paying the amount that is equivalent to the higher of (i) 102% of the unpaid principal amount together with any and all accrued interest up to the date of redemption at the applicable rate, and (ii) 100% of the unpaid principal amount of the loans together with any and all accrued interest up to date of redemption at the applicable rate and any related breakage costs (net of any breakage gains). The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 2:1;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.5; and
- Current ratio shall not, at any time, be less than 1:1, provided however, this ratio shall not apply after the fourth anniversary of the issue date.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Parent Company. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the issuer and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the net cash provided by operating activities plus unrestricted cash (as shown in the most recent audited consolidated financial statements) divided by the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Group to pay or repay including, without limitation: (i) all obligations of the Group for borrowed money evidenced by promissory notes or other instruments, (ii) all financial obligations of any other person guaranteed by the Group, (iii) all financial obligations of any other person secured by a security upon or in property owned by the Group, whether or not the Group have assumed or become liable for the payment of such financial obligations, and (iv) capitalized lease obligations of the Group which are capitalized in accordance with PFRS.

The carrying amount of the loan from the 2016 NFA as of December 31, 2020 and 2019 amounted to $21,000,000 and $23,250,000, respectively.

The Parent Company is compliant with the terms and conditions of the aforementioned loan agreement.

13.02.03 2018 NFA

On April 12, 2018, the Parent Company entered into a $40,000,000 NFA with Bank of Philippine Islands and Rizal Commercial Banking Corporation (each a "Noteholder" and collectively, the "Noteholders"), RCBC Trust and Investments Group (Facility and Paying Agent) and RCBC Capital Corporation (Issue Manager). The NFA provided for the conversion of the outstanding balance of the Parent Company's short-term bridge loan facilities with the Noteholders amounting $20,000,000 each Noteholder into long term credit facilities. The NFA provided for the issuance of 7-year fixed rate corporate note which bears interest of 6.25% per annum payable quarterly. The net proceeds from the issuance of the Notes shall be used to refinance the bridge loan facilities used to acquire the 100% ownership of Quintel Cayman.

Under the NFA, the Parent Company shall pay the 30% of the loan outstanding on issue date in 24 equal consecutive quarterly commencing at the end of the 1st year until the end of the 28th quarter from the issue date. The remaining 70% of the loan outstanding on issue date shall be paid in a single balloon payment at maturity date.

The NFA contained an embedded derivative arising from voluntary prepayment option where the Parent Company may redeem, in whole or in part, equivalent to an amount less than and in multiples of $5,000,000 on any interest payment date beginning on the first anniversary of the issue date, by paying a prepayment penalty equivalent to 2% of the principal amount of the Notes being redeemed, together with any and all accrued interest up to the date of redemption at the applicable rate and any related breakage costs (calculated from such non-interest payment date to the immediately succeeding interest payment date) actually incurred by the relevant Noteholders, if the redemption was made on a non-interest payment date. The prepayment penalty shall not apply if the redemption is due to: (i) interest costs or (ii) illegality.

The Parent Company assessed that the embedded derivative in the NFA is closely related to the host contract, thus was not bifurcated from the host contract based on the provisions of PFRS 9.

In accordance with the NFA, the following financial ratios must be maintained:

- Debt to equity ratio shall not, at any time, exceed 70:30;
- Debt service coverage ratio shall not, as of relevant testing date, be less than 1.15; and
- Current ratio shall not, at any time, be less than 1.10.

Equity is defined in the agreement as the aggregate of outstanding capital stock, additional paid-in capital stock, equity reserve and retained earnings at any date and as shown in the latest consolidated balance sheet of the Parent Company. Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the issuer and its subsidiaries to pay or repay money.

Debt service ratio is defined in the agreement as the result obtained by dividing (i) earnings before deducting interest expense, income tax, depreciation and amortization (EBITDA) and (ii) the amount of debt service. Debt service, on the other hand, is defined in the agreement as the aggregate of all payments for: (a) interest and principal payments due under the Agreement in the next twelve (12) months; (b) the principal and interest payments due in the next twelve (12) months of all interest-bearing debt with tenor of more than twelve (12) months, and (c) netting obligations of the Issuer due in the next twelve (12) months under permitted hedging arrangements, if applicable.

The carrying amount of the loan from the 2018 NFA amounted to $37,000,000 and $39,000,000 as of December 31, 2020 and 2019, respectively.

The Parent Company is compliant with the terms and conditions of the aforementioned loan agreement.

In 2020, 2019 and 2018, finance costs incurred and paid on long-term loans amounted to $1,629,211, $2,707,942, and $2,720,613, respectively, as disclosed in Note 18.

As of December 31, 2020 and 2019, accrued interest payable amounted to $375,079 and $561,438, respectively, as disclosed in Note 12.

14. RELATED PARTY TRANSACTIONS

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

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc. (CarHI)	Ultimate Parent
Camerton Inc. (CI)	Immediate Parent
Cirtek Electronics International Corporation (CEIC)	Subsidiary (Direct)
Cirtek Electronics Corporation (CEC)	Subsidiary (Direct)
Cirtek Advances Technologies and Solutions, Inc.- BVI (CATS)	Subsidiary (Indirect)
CATS- Philippine Branch (CATS-PB)	Subsidiary (Indirect)
RBW Real Property, Inc. (RBWRP)	Subsidiary (Indirect)
Quintel Cayman	Subsidiary (Indirect)
Quintel Technology, Ltd.	Subsidiary (Indirect)
Quintel USA	Subsidiary (Indirect)
Telecom Quintel Mauritius, Ltd.	Subsidiary (Indirect)
Cirtek Holdings, Inc. (CHI)	Under common key management
Charmview Enterprises Ltd (CEL)	Under common key management
Stockholders	Key Management Personnel

14.01 Due from Related Parties

Details of due from related parties are as follows:

		2020		2019
Immediate parent	$	-	$	20,962,321
Subsidiaries		147,042,309		109,493,962
Under common key management		-		1,809,256
Balance at December 31	$	147,042,309	$	132,265,539

Balances of due from related parties as shown in the separate statements of financial position are summarized per category as follows:

14.01.01 Immediate Parent

	December 31, 2020		December 31, 2019	
	Amount/ Volume	**Outstanding Balances**	Amount/ Volume	Outstanding Balances
CI				
Advances	$ -	$ -	$ -	$ 20,962,321
Foreign exchange loss (gain) (Note 20)	-	-	279,706	-
	$ -	$ -	$ 279,706	$ 20,962,321

Advances are mainly to support the working capital requirements of the related party. The amounts outstanding are non-interest bearing, unsecured and will be settled in cash. No guarantees have been received. No provisions have been made for credit losses in respect of the amounts owed by related party.

14.01.02 Subsidiaries

Transactions with subsidiaries are detailed as follows:

	December 31, 2020		December 31, 2019	
	Amount/ Volume	**Outstanding Balances**	Amount/ Volume	Outstanding Balances
CEIC				
Advances	$ 12,499,999	$ 33,825,739	$ 13,000,000	$ 21,325,740
Dividends (Note 10)	12,500,000	-	3,000,000	-
CEC				
Advances	3,000,000	48,795,261	3,000,000	45,795,261
Dividends (Note 10)	3,000,000	-	5,300,000	-
CATSI				
Advances	12,162,442	44,535,403	32,372,962	32,372,961
QUINTEL				
Advances	9,885,906	19,885,906	10,000,000	10,000,000
	$ 53,048,347	$ 147,042,309	$ 66,672,962	$ 109,493,962

Advances are mainly to support the working capital requirements of the related parties. The amounts outstanding are non-interest bearing, unsecured, collectible on demand, and will be settled in cash. No guarantees have been received. No provisions have been made for expected credit losses in respect of the amounts owed by related parties.

14.01.03 Under Common Key Management Personnel

Transactions with under common key management personnel are detailed as follows:

	December 31, 2020		December 31, 2019	
	Amount/ Volume	**Outstanding Balances**	Amount/ Volume	Outstanding Balances
CHI				
Result of assignments and settlements in 2011	$ -	$ -	$ -	$ 1,809,256

Result of assignments and settlements in 2011 represents the advances for working capital in the normal course of business when CEC and CEIC were then subsidiaries of CHI. For purposes of settling outstanding balances with the group and as part of corporate restructuring in preparation for the planned Initial Public Offering (IPO) of the Parent Company, on March 17, 2011, CHI and CEL and the officer, with the consent of the Group, entered into assignment agreements whereby CHI absorbed the amounts owed by CEL and the officer as of March 17, 2011 amounting to $7.7 million and $0.08 million, respectively. The Group, with the consent of related parties, entered into assignment agreements whereby the Parent Company absorbed the amount owed by CEIC and CHI totaling to $3.6 million representing unpaid advances of $2.3 million and dividends $1.3 million as of March 17,2011.

Thereafter, as of March 18, 2011, the Parent Company and CHI, in view of being creditors and debtors to each other as a result of assignment agreements above, entered into a set-off agreement for the value of the Group's liability aggregating to $6.8 million.

The amount represents the abovementioned total liability of $3.6million and the balance outstanding from Parent Company's purchase of CEC and CEIC amounting to

The amount represents the abovementioned total liability of $3.6million and the balance outstanding from Parent Company's purchase of CEC and CEIC amounting to $3.2 million. The amount owed by CHI as of December 31, 2020 and 2019 pertains to the outstanding receivable arising from the assignments and set-off agreements.

Advances are mainly to support the working capital requirements of the related party.

The amounts outstanding on assignment and advances are non-interest bearing, unsecured and will be settled in cash. No guarantees have been received. No provisions have been made for credit losses in respect of the amounts owed by related parties.

Unrealized foreign exchange loss arising from advances amounted to $1,109,449, $279,706, and nil, in 2020, 2019 and 2018, respectively.

In 2020, 2019 and 2018, collections received from related parties amounted to $22,771,577, $75,004,851, and $60,341,312, respectively.

14.02 Due to Related Parties

Balances of due to related parties as shown in the separate statement of financial position are summarized per category as follows:

14.02.01 Subsidiaries

Transactions with subsidiaries are as follows:

	December 31, 2020		December 31, 2019	
	Amount/ Volume	**Outstanding Balances**	**Amount/ Volume**	**Outstanding Balances**
CEIC				
Result of assignments and settlements in 2011	$ -	$ 2,339,865	$ -	$ 2,339,865
CEC				
Advances	-	22,021,052	19,071,313	27,150,384
	$ -	$ 24,360,917	$ 19,071,313	$ 29,490,249

Terms and conditions of assignments was disclosed in Note 14.01.03. The amount represents the abovementioned total liability of $3.6 million and the balance outstanding from Parent Company's purchase of CEC and CEIC amounting to $3.2 million. The amount owed by CHI as of December 31, 2020 and 2019 pertains to the outstanding receivable arising from the assignments and set-off agreements.

Advances pertain to cash transactions to be reimbursed to the related party for expenses made in behalf of the Parent Company.

The amount outstanding on assignments and advances are unsecured, non-interest bearing, payable on demand and will be settled in cash. No guarantee has been given in respect of these advances.

In 2020, 2019 and 2018, payments made to related parties amounted to $5,129,332, $30,443,671, and $16,060,706, respectively.

14.03 Remuneration of Key Management Personnel

In 2020, 2019 and 2018, remuneration provided for directors and other members of key management personnel of the Parent Company amounted to $19,758, $35,498, and $83,004, respectively.

15. DIVIDENDS DECLARED

The Parent Company has declared the following dividends to its equity holders:

Date of declaration	Date of record		Dividend per share	Shares outstanding		Total Dividends
2020						
February 17, 2020						
Preferred B-2	March 9, 2020	$	0.015313	67,000,000	$	**1,025,938**
Preferred B-2	June 8, 2020		0.015313	67,000,000		**1,025,937**
Preferred B-2	September 8, 2020		0.015313	67,000,000		**1,025,938**
Preferred B-2	December 9, 2020		0.015313	67,000,000		**1,025,937**
					$	**$4,103,750**
March 06, 2020						
Preferred B-1	March 9, 2020	$	0.06125	70,000,000	$	**$8,537**
March 06, 2020						
			0.00001219		₱	**4,287,500**
Preferred - A	March 8, 2020	₱	6	700,000,000		
						(or $89,280)
July 17, 2020						
Common	August 11, 2020	$	0.001199	419,063,353	$	**500,000**
2019						
January 30, 2019						
Preferred B-2	March 6, 2019	$	0.015313	67,000,000	$	**1,025,971**
Preferred B-2	June 6, 2019		0.015313	67,000,000		**1,025,971**
Preferred B-2	September 5, 2019		0.015313	67,000,000		**1,025,971**
Preferred B-2	December 5, 2019		0.015313	67,000,000		**1,025,971**
May 24, 2019						
Common	June 11, 2019	$	0.002366	419,063,353		**984,221**
Common	November 11, 2019		0.002386	419,063,353		**1,002,163**
May 24, 2019						
Preferred A	June 10, 2019		0.000012	700,000,000		**8,537**
					$	**6,098,805**
2018						
February 2, 2018						
Common	September 29, 2017	$	0.004609	419,063,353	$	1,931,463
Preferred A	September 29, 2017		0.000012	700,000,000		8,400
February 27, 2018						
Preferred B-1	March 6, 2018	₱	0.015313	69,997,715		18,483
Preferred B-2	March 6, 2018	$	0.015313	67,000,000		1,025,971

June 4, 2018					
Preferred B-2	June 6, 2018 and	$	0.015313	67,000,000	1,025,971
Preferred B-2	September 6, 2018		0.015313	67,000,000	1,025,971
Preferred B-2	December 6, 2018		0.015313	67,000,000	1,025,971
September 3, 2018					
Common	September 18, 2018	$	0.0048	419,063,353	2,011,503
					$ 8,073,733

In 2020, 2019, and 2018, amounts of dividends declared were $4,701,567, $6,090,805, and $8,073,733, respectively.

In 2020, 2019 and 2018, cash dividends paid amounted to $4,603,750, $6,090,268, and $8,053,133, respectively. Accordingly, as of December 31, 2020 and 2019, dividends payable amounted to $126,955 and $29,138, respectively.

16. DEPOSIT FOR FUTURE STOCK SUBSCRIPTION

At the special meeting held on July 18, 2018, the Board of Directors (BOD) approved by majority vote the amendment of the articles of incorporation to increase the Parent Company's authorized capital stock by ₱160,000,000 by increasing the authorized: (i) common stock by ₱120,000,000; and (ii) preferred stock A by ₱40,000,000. The Parent Company authorized the subscription by Camerton, Inc. to ₱40,000,000 of preferred A shares. Furthermore, the par value of preferred A shares shall be reduced from ₱0.10 to ₱0.05 per share. On the same date, the Parent Company's BOD approved by majority vote the reclassification of ₱100,000,000 preferred B-2 shares with a par value of ₱1.00 per share into ₱100,000,000 of a new class of shares denominated as preferred C shares divided into 100,000,000 of ₱1.00 share.

On September 7, 2018, the Parent Company's shareholders representing at least two-thirds of the outstanding capital stock therefore approved the amendment of articles of incorporation to increase the Parent Company's authorized capital stock as endorsed by BOD. The shareholders also approved the resolution to delegate to the BOD the power and authority to determine and fix the terms and conditions of preferred C shares.

On December 13, 2018, Camerton, Inc. paid 25% of the additional subscription to preferred A shares amounting to ₱10,000,000 or $189,107.

As of December 31, 2019, the Company has not yet secured a certificate of approval of increase of capital stock from the Securities Exchange Commission (SEC). Moreover, the application has not yet been presented to SEC, hence deposit for future stock subscription was classified as a liability. As of December 31, 2020 and 2019, deposit for future stock amounted to $189,107.

17. CAPITAL STOCK

Components of capital stock are as follows:

	2020	2019	2018
Common shares	$ **9,594,321**	$ 9,594,321	$ 9,594,321
Preferred shares	**3,032,140**	2,615,995	2,615,995
Additional paid-in capital	**120,053,514**	100,469,659	100,469,659
	$ **132,679,975**	$ 112,679,975	$ 112,679,975

17.01 Common Shares

Shown below are the details of common shares as of December 31, 2020, 2019 and 2018:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized						
Common shares, ₱1.00 par value	**520,000,000**	**₱ 520,000,000**	520,000,000	₱ 520,000,000	520,000,000	₱ 520,000,000
Issued and fully paid Common shares	**419,063,353**	**$ 9,594,321**	419,063,353	$ 9,594,321	419,063,353	$ 9,594,321
Balance, December 31	**419,063,353**	**$ 9,594,321**	419,063,353	$ 9,594,321	419,063,353	$ 9,594,321

On November 18, 2011, the Parent Company listed with the PSE its common stock, wherein it offered 42,163,000 shares to the public at issue price of ₱7 per share. The total proceeds with issuance of new shares amounted to ₱295.1 million ($6.8 million). The Parent Company incurred transaction costs incidental to the IPO amounting ₱47.3 million ($1.1 million), which was charged against "Additional paid-in capital" in the 2011 statement of financial position. As of December 31, 2011, the Parent Company has 162,163,000 issued common shares.

On May 25, 2012, the BOD declared a twenty percent (20%) stock dividend to stockholders. On the same date, the stockholders approved and ratified the stock dividend payable to stockholders of record as of June 8, 2012, to be distributed on June 29, 2012.

On September 14, 2012, the BOD declared a twenty percent (20%) stock dividend to stockholders of record as of December 21, 2012, to be distributed on January 10, 2013. On December 7, 2012, the stockholders approved the twenty percent (20%) stock dividend.

On January 16, 2013, the BOD declared a twenty percent (20%) stock dividend to stockholders. On the same date, the stockholders approved the stock dividend payable to stockholders of record as of March 15, 2013, to be distributed on April 5, 2013.

On January 29, 2014, the BOD also declared a ten percent (10%) stock dividend. During the special stockholders meeting on July 11, 2014, the shareholders approved and ratified the declaration of 10% stock dividend payable to stockholders of record as of July 25, 2014, to be distributed on August 20, 2014.

On March 24, 2015, the BOD also declared a ten percent (10%) stock dividend. On May 12, 2015, the shareholders approved and ratified the declaration of 10% stock dividend payable to stockholders of record as of May 26, 2015, to be distributed on June 18, 2015.

On March 24, 2015, the Parent Company's BOD, by majority vote, and shareholders representing two-thirds of the outstanding capital stock thereof approved the amendment of the articles of incorporation to increase the Parent Company's authorized capital stock by ₱160,000,000 or from ₱400,000,000 divided into ₱400,000,000 common shares with a par value of ₱1.00 per share, to ₱560,000,000 divided into 520,000,000 common shares with a par value of ₱1.00 per share and 400,000,000 preferred shares with a par value of ₱0.10 per share.

The BOD also authorized the Parent Company to offer 120,000,000 shares for sale or subscription through a follow-on offering (FOO).

On July 22, 2015, the Philippine SEC approved the Parent Company's application to increase its authorized capital stock.

On November 4, 2015, the Parent Company's FOO was completed. The Parent Company issued 80,000,000 new shares at issue price of P20 per share for a total amount of $34.2 million. The Parent Company incurred transaction costs incidental to FOO amounting to $1.2 million which was charged against "Additional paid-in capital" in the 2015 consolidated statement of financial position.

On October 24, 2016, the Parent Company's BOD approved by majority vote the amendment of the articles of incorporation to increase the Parent Company's authorized capital stock by ₱1,440,000,000 or from ₱560,000,000 divided into 520,000,000 common shares with a par value of ₱1.00 share and 400,000,000 preferred shares with a par value of P0.10 per share ("Preferred A shares"), to P860,000,000 divided in to 520,000,000 common shares with a par value of P1.00 per share and 700,000,000 preferred shares classified into "Preferred A shares with a par value of P0.10 per share, and P270,000,000 worth of new preferred shares classified into "Preferred B shares" with par value of P1.00 per share, with preferences, convertibility voting rights and other features of which shall be determined by the Parent Company's BOD. On the same date, the Parent Company's BOD, by majority vote, approved the declaration of ten percent (10%) stock dividend for each of the 419,063,353 issued and fully paid common shares, and 400,000,000 issued and fully paid preferred shares of the Parent Company. To date the shareholders have not approved and ratified the declaration.

On May 26, 2018, the Parent Company's shareholders representing at least two-thirds of the outstanding capital stock thereof approved the amendment of the articles of incorporation to increase the Parent Company's authorized capital stock as endorsed by the BOD. The shareholders also approved a resolution to delegate to the BOD the power and authority to: (i)determine the manner (either in one or more tranches) by which the proposed increase in the authorized capital stock of the Parent Company will be implemented; and (ii) the manner by which the increase in the authorized capital stock will be subscribed and paid for, such as, but not limited to, a private placement transaction or public offering. The BOD was also granted authority to issue in one or more series the new preferred shares and to determine the preferences, convertibility, voting rights, features and other terms and conditions for each such series of the new preferred shares.

The Parent Company's application to increase its authorized capital stock, which was approved by Philippine SEC on September 29, 2018, did not include an increase in authorized capital stock on common shares.

Ordinary shares carry one (1) vote per share and right to dividends.

The Board of Directors of TECH, in its special meeting held on September 28, 2020, approved the following:

1. The amendment of Article Fourth of the Articles of Incorporation on corporate terms from 50 years to perpetual term;
2. The amendment to the increase in the Authorized Capital Stock and the delegation to the Board of Directors of (i) the manner by which the proposed increase in the Authorized Capital Stock will be implemented and (ii) the manner by which the increase in the Authorized Capital Stock will be subscribed and paid for, such as but not limited to, a private placement transaction, or public or rights offering;
3. The approval to offer to all eligible stockholders of record of the Corporation, as of the date to be set by its management in accordance with existing law and regulations (the 'Record Date'), rights to subscribe (the "Rights Offer") to the common shares of the Corporation (the 'Rights Shares') with a bonus detachable warrant for each Rights Share (the 'Detachable Warrant'), subject to: (i) the approval of the increase in the Corporation's authorized capital stock; (ii) the registration or exemption requirements, whichever may be applicable, of the Securities and Exchange Commission ('SEC'); and (iii) the listing requirements of the Philippine Stock Exchange ('PSE').
4. The approval of the authority of any one (1) of the Chairman of the Board, the President, the Chief Financial Officer, and/or other senior officers of the Corporation to fix the terms and conditions of the Rights Offer, including, but not limited to, the final issue size which shall be up to 250,000,000 common shares, the entitlement ratio, the offer price, the payment terms, the terms of the Detachable Warrant including the exercise price, the procedure for lodging the application to subscribe, the details and procedures for the various rounds of offer including the treatment of rump shares, as applicable, the Record Date and other relevant dates, and other terms, without the necessity of obtaining further approval from the stockholders and Board of Directors.

The approval of the holding of the Special Stockholders' Meeting on November 27, 2020 with the Record Date on October 29, 2020 which will be conducted by videoconferencing.

17.02 Preferred Shares

Details of Parent Company's redeemable preferred shares are as follows:

	2020		2019		2018	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized						
Preferred shares A, ₱0.10 par value	**700,000,000**	**$ 70,000,000**	700,000,000	$ 70,000,000	700,000,000	$ 70,000,000
Preferred shares B-1, ₱1.00 par value	**70,000,000**	**70,000,000**	70,000,000	70,000,000	70,000,000	70,000,000
Preferred shares B-2, ₱1.00 par value	**200,000,000**	**200,000,000**	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid						
Preferred shares A	**700,000,00**	**946,863**	700,000,000	946,863	700,000,000	946,863
Preferred shares B-1	**70,000,000**	**342,399**	70,000,000	342,399	70,000,000	342,399
Preferred shares B-2	**67,000,000**	**1,326,733**	67,000,000	1,326,733	67,000,000	1,326,733
Preferred shares B-2B	**20,000,000**	**416,145**	-	-	-	-
Balance, December 31	**857,000,00**	**$ 3,032,140**	837,000,000	$ 2,615,995	837,000,000	$ 2,615,995

In 2015, the 400,000,000 preferred shares at par value of ₱0.10 were subscribed by Camerton, a principal shareholder of the Parent Company.

On September 8, 2017, the Parent Company's BOD, by majority vote, approved the amendment in the Parent Company's articles of incorporation to increase the Parent Company's authorized capital stock by ₱300,000,000, or:

a) From ₱560,000,000, consisting of:

   i. ₱520,000,000 worth of common shares divided in to 520,000,000 common shares with par value of ₱1.00 per share; and

   ii. ₱40,000,000 worth of preferred shares divided into 400,000,000 Preferred A shares with par value of ₱0.10 per share.

b) To ₱860,000,000 consisting of:
   i. ₱520,000,000 worth of common shares divided into 520,000,000 common shares with par value of ₱1.00 per share;
   ii. ₱70,000,000 worth of Preferred A shares divided into 700,000,000 preferred A shares with par value of ₱0.10 per share; and
   iii. ₱270,000,000 worth of preferred B shares with par value of ₱1.00 per share. The Preferred B shares are further classified into the following series: (a) ₱70,000,000 worth of preferred B-1 shares, and (b) ₱200,000,000 worth of preferred B-2 shares, both having a par value of ₱1.00 per share.

On the same date, the additional 300,000,000 preferred A shares and 70,000,000 preferred B-1 shares shall be issued to and subscribed by Camerton at their par value of ₱0.10 per share and ₱1.00 per share, respectively. The Parent Company recognized preferred stock and additional paid-in capital amounting to $0.1 million and $0.3 million, respectively, net of subscriptions receivable. Preferred B-1 shares are not listed in the PSE.

On September 29, 2017, the Philippine SEC approved the Parent Company's application for the increase in authorized capital stock.

The features of the preferred A shares are (i) full voting rights, one vote for each share; (ii) preferred non-cumulative cash dividends at the rate of 1% of their par value per year, with no participation in further cash dividends which may be declared and paid to the common shares or any other class or series of shares; and (iii) the same stock dividends which may be declared and paid to the common shares or any other class or series of shares.

On September 15, 2017 and November 9, 2017, the Parent Company's BOD approved the following features, rights and privileges of preferred B-2 shares:

a. Non-voting;
b. Preferred, cumulative cash dividends of up to 6.125% of the issue price per year, at the discretion of the Parent Company's BOD, with no participation in further cash dividends which may be declared and paid to the common shares, provided that, other than the basis being their respective issue prices, the cash dividend rate for preferred B-1 shares and preferred A shares;
c. The same stock dividends which may be declared and paid to the common shares;
d. As and if approved by the Parent Company's BOD, redeemable in whole and not in part, at the sole option of the Parent Company at a price and at such time that the Parent Company's BOD shall determine;

In 2017, aggregate amount received from the issuance of preferred shares amounted to $67,489,141. Related stock issuance cost amounted to $775,635.

In 2018, partial payment received from subscription receivable on preferred shares A amounting to $578,882.

The Board of Directors, in its special meeting held on September 1, 2020, approved the following:

1. The designation of Subseries of Preferred B2 Shares Consisting of 33 Million Unissued Existing Preferred B2 Shares to be denominated as Preferred B2 Subseries B Shares and to denominate the Preferred B2 shares issued in 2017 consisting of 67 Million Preferred B2 Shares as Preferred B2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B2 Subseries B Shares.

3. The offer for sale or subscription of up to 33 Million of its Preferred B2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (USD1.00) per share, and the listing of such shares with the Philippine Stock Exchange.

On September 1, 2020, the Corporation disclosed that in its Special Meeting, the Board of Directors approved the following:

1. The designation of Subseries of Preferred B2 Shares Consisting of 33 Million Unissued Existing Preferred B2 Shares to be denominated as Preferred B2 Subseries B Shares and to denominate the Preferred B2 shares issued in 2017 consisting of 67 Million Preferred B2 Shares as Preferred B2 Subseries A Shares.
2. Approval of the Terms and Conditions of the Preferred B2 Subseries B Shares and the filing of Enabling Resolutions/Directors' Certificate with the Securities and Exchange Commission for the Preferred B2 Subseries B Shares.
3. The offer for sale or subscription of up to 33 Million of its Preferred B2 Subseries B Shares by way of private placement and offer to qualified buyers for an offer price of up to One US Dollar (USD1.00) per share, and the listing of such shares with the Philippine Stock Exchange.
   On October 7, 2020, the SEC issued the Certificate of Filing of Enabling Resolution approving the Corporation's Enabling Resolutions designating the subseries of Preferred B-2 Shares, namely: Preferred B2 Subseries A and Preferred B2 Subseries B, and to allocate the 200,000,000 Preferred B-2 Shares as follows: (i) 67,000,000 Preferred B-2 Subseries A Shares, and (ii) 33,000,000 Preferred B-2 Subseries B Shares, and the balance of 100,000,000 Preferred B2 Shares shall be designated by the Board in subseries at a future date.

The Board of Directors, in its special meeting held on November 10, 2020, approved the subscription by Camerton, Inc. of up to 33,000,000 Preferred B2 Subseries B Shares of the Company at the subscription price of One US Dollar (USD1.00) per share.

The Board of Directors of TECH, in its special meeting held on December 2, 2020, approved the setting of the Dividend Rate of the Preferred B2 Subseries B Shares to 6% per annum.

On December 21, 2020, the execution of the Subscription Agreement between Cirtek Holdings Philippines Corporation (the "Corporation" or "TECH") and Camerton, Inc. for the issuance of a total of 20,000,000,000 Preferred B-2 Subseries B Shares.

As of December 31, 2020 and 2019, the Group has unrecognized dividends on cumulative preferred B-1 and B-2 shares totaling to nil and $0.1 million, respectively.

18. FINANCE COSTS

Components of finance costs as disclosed in Note 13 are as follows:

	2020	2019	2018
Short-term loans	$ 1,933,879	$ 585,673	$ 1,100,000
Long-term loans	1,629,211	2,707,942	2,720,613
	$ 3,563,090	$ 3,293,615	$ 3,820,613

In 2020, 2019 and 2018, finance cost paid amounted to $3,749,449, $2,732,178, and $3,174,172, respectively. Accordingly, accrued interest payable amounted to $375,079 and $561,438, as of December 31, 2020 and 2019, respectively, as disclosed in Note 12.

19. OPERATING EXPENSES

The account is composed of the following expenses:

	2020	2019	2018
Taxes and licenses	$ 337,841	$ 178,454	$ 140,922
Professional fees	179,829	211,945	43,646
Representation and entertainment	85,891	29,480	6,941
Advertising	47,326	42,160	12,609
Service fee	47,295	25,287	21,744
Director's fee (Note 14)	19,758	35,498	83,004
Depreciation (Note 11)	16,939	16,939	16,939
Penalties	-	4,791	151,840
Miscellaneous	15,616	16,049	32,571
	$ 750,495	$ 560,603	$ 510,216

Professional fees pertain to retainer's fee, legal fees and consultancy fees.

Advertising pertains to payments to newspaper publications for press release and notice for commercial paper issuance.

Miscellaneous expense pertains to expenses for bank charges, transportation, communication, trainings and office supplies.

20. OTHER EXPENSE – net

Components of other expense – net are as follows:

	2020	2019	2018
Unrealized foreign exchange loss (gain) – net	$ 1,319,000	$ 178,641	$ 66,667
Realized foreign exchange loss (gain)	56,507	6,225	116,471
Other income	(421,901)	-	(79,201)
	$ 953,606	$ 184,866	$ 103,937

Other income pertains to a refund from PSE for the overpayment of listing fee.

Details of unrealized foreign exchange loss (gain) rate are as follows:

	2020	2019	2018
Due from related parties (Note 14)	$ 1,109,449	$ 279,706	$ -
Short-term loans (Note 13)	405,346	158,232	-
Accrued expenses and other payables (Note 12)	(3,861)	5,549	-
Prepayment and other current assets (Note 9)	(466)	(534)	-
Cash in banks (Note 6)	(191,468)	(264,312)	66,667
	$ 1,319,000	$ 178,641	$ 66,667

21. INCOME TAXES

A numerical reconciliation between tax expense amounting to $8,438, $60,000, $201,584 and nil and the product of accounting profit multiplied by the tax rate in 2020, 2019 and 2018, respectively, is as follows:

	2020	2019	2018
Accounting profit	$ 10,290,232	$ 4,269,699	$ 11,476,388
Tax expense at 30%	3,087,070	1,280,910	3,442,917
Tax effects of:			
Unrecognized DTA on NOLCO	1,151,584	257,036	-
Unrecognized DTA on MCIT	8,438	60,000	201,584
Unrecognized DTA on unrealized forex loss	395,700	53,578	-
Non-deductible finance cost	7,106	1,097	-
Finance income subject to final tax	(17,227)	(2,621)	(3,346)
Dividend income exempt from tax	(4,650,000)	(1,590,000)	(1,770,000)
Non-deductible expense	25,767	-	52,610
Foreign currency translation adjustment	-	-	34,941
Application of NOLCO	-	-	(1,777,122)
	$ 8,438	$ 60,000	$ 201,584

Details of NOLCO are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2017	$ 1,196,292	$ -	$ -	$ 1,196,292	$ -	2020
2019	856,786	-	-	-	856,786	2022
	$ 2,053,078	$ -	$ -	$ 1,196,292	$ 856,786	

Details of NOLCO covered by Revenue Regulation No. 25-2020 is as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	₱ 1,151,584	₱	₱	₱	₱ 1,151,584	2025

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

Details of MCIT are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2018	$ 201,584	$ -	$ -	$ -	$ 201,584	2021
2019	60,000	-	-	-	60,000	2022
2020	8,438	-	-	-	8,438	2023
	$ 270,022	$ -	$ -	$ -	$ 270,022	

Unrecognized deferred tax assets from NOLCO, MCIT and unrealized forex loss were detailed as follows:

	NOLCO	MCIT	Unrealized forex loss	Total
Balance, January 1, 2019	$ 358,887	$ 201,584	$ 20,000	$ **580,471**
Unrecognized during the year	257,036	60,000	53,578	**370,614**
Balance, December 31, 2019	615,923	261,584	73,578	**951,085**
Unrecognized during the year	(44,708)	8,438	395,700	**359,430**
Balance, December 31, 2020	$ **571,215**	$ **270,022**	$ **469,278**	$ **1,310,515**

22. EARNINGS PER SHARE

The Parent Company's earnings per share are $0.01451, $0.0003, and $0.0169 in 2020, 2019 and 2018, respectively.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2020	2019	2018
Earnings used in the calculation of total basic earnings per share	**$ 6,080,227**	$ 105,815	$ 7,081,277
Weighted average number of ordinary shares for the purposes of basic earnings per share	**419,063,353**	419,063,353	419,063,353

23. FAIR VALUE MEASUREMENTS

23.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Parent Company's financial assets and liabilities as of December 31, 2020 and 2019 are presented below:

	2020		2019	
	Carrying Amounts	Fair Value	Carrying Amounts	Fair Value
Financial Assets				
Cash	$ 28,025,441	$ 28,025,441	$ 3,303,560	$ 3,303,560
Other receivables	5,217,905	5,217,905	5,217,905	5,217,905
Due from related parties	147,042,309	147,042,309	132,265,539	132,265,539
Miscellaneous deposit	2,082	2,082	1,974	1,974
	180,287,737	180,287,737	140,788,978	140,788,978
Financial Liabilities				
Accrued expenses and other payables	411,381	411,381	659,591	659,591
Loans payable	105,690,596	105,690,596	86,525,513	86,525,513
Dividends payable	118,418	118,418	20,601	20,601
Due to related parties	24,360,917	24,360,917	29,490,249	29,490,249
Deposit for future stock Subscription	189,107	189,107	189,107	189,107
	$ 130,770,419	$ 130,770,419	$ 116,885,061	$ 116,885,061

Due to short-term maturities and within the normal operating cycle, the Parent Company believes that the carrying amount of cash, other receivables, due from related parties, miscellaneous deposit, accrued expenses and other payables (excluding withholding taxes payable and provision), dividends payable, due to related parties and deposit for future stock subscription approximate their fair values.

Management believes that the carrying amount and the fair value of the loans payable are the same since the interest applied approximates the market rate.

23.02 Fair Value Measurements Recognized in the Separate Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company used Level 1 to value its investments at fair value through other comprehensive income. Accordingly, fair value of the said investments amounted to nil in both years.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Parent Company's Management provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Parent Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include credit risk, market risk which includes interest rate risk and liquidity risk.

24.01 Credit Risk Management

Credit risk is the risk of financial loss to the Parent Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Parent Company is exposed to credit risks from cash in banks, other receivables, due from related parties, and miscellaneous deposit all at amortized cost.

The Parent Company considers the following policies to manage its credit risk:

- Banks

  The Parent Company transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Parent Company uses other publicly available information such as annual report to monitor the financial status of the banks. The Parent Company assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest and inflation rates to determine the possible impact to banks.

- Other receivables, Due from Related Parties and Miscellaneous Deposit

  The Parent Company transacts only with recognized, creditworthy counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Parent Company's exposure to expected credit loss is not significant.

Financial assets measured at amortized cost are as follows:

	2020	2019
Cash in banks	$ 28,025,441	$ 3,303,560
Other receivables	5,217,905	5,217,905
Due from related parties	147,042,309	132,265,539
Miscellaneous deposit	2,082	1,974
	$ 180,287,737	$ 140,788,978

The calculation of allowance for expected credit losses are based on the following three (3) components:

- Probability of Default (PD)

  PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

  Loss Given Default (LGD)

  LGD is the amount of money a Parent Company loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➢ Exposure at Default (EAD)

EAD is the total value a Parent Company is exposed to when a loan defaults. It refers to the carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2020 and 2019:

	PD rate *a*	LGD rate *b*	EAD *c*	ECL *d=a*b*c*
December 31, 2020				
Cash in banks	0.00%	0.00 to 98%	$ 28,025,441	$ -
Other receivables	0.00%	100.00%	5,217,905	-
Due from related parties	0.00%	100.00%	147,042,309	-
Miscellaneous deposit	0.00%	100.00%	2,082	-
			$ 180,287,737	$ -
December 31, 2019				
Cash in banks	0.00%	0.00 to 98%	$ 3,303,560	$ -
Other receivables	0.00%	100.00%	5,217,905	-
Due from related parties	0.00%	100.00%	132,265,539	-
Miscellaneous deposit	0.00%	100.00%	1,974	-
			$ 140,788,978	$ -

Cash in Banks

The Company determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. In both years, the Parent Company estimated the probability of default to be nil.

In both years, loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 98%.

In both years, exposure at default is equal to the gross carrying amount of cash in banks.

Other Receivables

The Parent Company determined the probability of default rate by considering the following: the schedules of collections for the following years, the current, and of the collectability of amount of other receivables. In both years, the Parent Company estimated the probability of default to be nil.

In both years, loss given default rate is 100% for all receivables because the Parent Company does not obtain collateral for these transactions.

In both years, exposure at default is equal to the gross carrying amount of other receivables.

Due from Related Parties

The Parent Company determined the probability of default rate by considering the following; the nature of business, status of operations and industry classification of the Parent Company's related parties; the past, current and forecast performance of each counterparty. In both years, the Parent Company estimated the probability of default to be nil for all related parties.

In both years, loss given default rate is 100% for all clients because the Parent Company does not obtain collateral for these transactions.

In both years, exposure at default is equal to the gross carrying amount of due from related parties.

Miscellaneous Deposit

Miscellaneous deposit represents less than 1% of the total financial assets at amortized cost. Management assessment that the probability of default is nil for both years. The loss given default rate is 100% and the exposure at default is equal to the gross carrying amount.

24.02 Market Risk Management

24.02.01 Interest Rate Risk Management

The Parent Company's exposure to interest rate risk arises from its cash in bank, which is subject to variable interest rates and loans payable which is subject to fixed interest rates.

Profit for the years ended December 31, 2020 and 2019 would not be affected since interest rate risk exposure for its cash in banks, which is subject to variable rate, is immaterial.

The Parent Company has no significant exposure on its loans payable since these are subject to fixed interest rates. Therefore, any change in the market interest rates has no effect on the amounts of future cash flows.

24.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Parent Company's short, medium and long-term funding and liquidity management requirements. The Parent Company manages liquidity risk by continuously monitoring forecast.

The following table details the Parent Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liability based on the earliest date on which the Parent Company can be required to pay. The tables include both interest and principal cash flows.

	Weighted Average Effective Interest Rate	On Demand	Within one (1) Year	Beyond one (1) Year	Total
December 31, 2020					
Accrued expenses and other payables	-	$ -	$ 411,381	$ -	$ 411,381
Loans payable	3.95%-5.50%	-	55,373,209	50,317,387	105,690,596
Dividends payable	-	-	118,418	-	118,418
Due to related parties	-	24,360,917		-	24,360,917
Deposit for future stock subscription	-	-	189,107	-	189,107
	-	$ 24,360,917	$ 56,092,115	$ 50,317,387	$ 130,770,419
December 31, 2019					
Accrued expenses and other payables	-	$ -	$ 659,591	$ -	$ 659,591
Loans payable	3.45%-6.00%	-	34,055,729	52,469,784	86,525,513
Dividends payable	-	-	20,601	-	20,601
Due to related parties	-	29,490,249	-	-	29,490,249
Deposit for future stock subscription	-	189,107	-	-	189,107
	-	$ 29,679,356	$ 34,735,921	$ 52,469,784	$ 116,885,061

The following table details the Parent Company's expected maturity for its non-derivative financial assets. The inclusion of information on non-derivative financial asset is necessary in order to understand the Parent Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On Demand	Within one (1) Year	Total
December 31, 2020				
Cash in banks	Floating	$ 28,025,441	$ -	$ 28,025,441
Other receivables	-	-	5,217,905	5,217,905
Due from related parties	-	147,042,309	-	147,042,309
Miscellaneous deposit	-	-	2,082	2,082
		$ 175,067,750	$ 5,219,987	$ 180,287,737

December 31, 2019				
Cash in banks	Floating	$ 3,303,560	$ -	$ 3,303,560
Other receivables	-	-	5,217,905	5,217,905
Due from related parties	-	132,265,539	-	132,265,539
Miscellaneous deposit	-	-	1,974	1,974
		$ 135,569,099	$ 5,219,879	$ 140,788,978

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Parent Company manages its capital to ensure that the Parent Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Parent Company's overall strategy remains unchanged from 2019.

The capital structure of the Parent Company consists of debt (liabilities as detailed in Notes 12, 13, 14, 15 and 16) and equity of the Parent Company comprising capital stock, preferred stock, additional paid-in capital, net changes in fair value of equity investment at FVOCI and retained earnings as disclosed in Notes 8 and 17.

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus plus profits in excess of 100% of their paid-in capital stock, except: 1) when justified by definite corporate expansion projects or programs approved by the board of directors; or 2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or 3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies. The Company is compliant with the above requirements.

The Parent Company's risk management committee reviews the capital structure of the Parent Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Parent Company has a target debt to equity ratio of 2:1 determined as the proportion of debt to equity.

The debt to equity ratio at end of the reporting period was as follows:

	2020	2019
Debt	$ **130,940,800**	$ 117,208,763
Equity	**138,481,389**	112,741,433
Debt to equity ratio	**0.95:1**	1.04:1

Debt is defined as long- and short-term borrowings, as described in Notes 12,13,14,15 and 16, while equity includes all capital and reserves of the Parent Company that are managed as capital.

26. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities is as follows:

	2020	2019
Beginning balance, January 1	$ 116,105,693	$ 129,398,610
Changes from financing cash flows		
Proceeds from loans payable	67,290,415	18,584,593
Advances received from related parties	19,979,523	19,071,313
Foreign exchange loss	(124,688)	(279,706)
Payment of loans	(67,290,415)	(20,233,983)
Advances paid to related parties	(5,129,332)	(30,443,671)
Finance cost paid	(3,749,449)	(2,732,178)
Cash dividends paid	(4,603,750)	(6,090,268)
Finance cost incurred	3,563,090	2,732,178
Dividends declared	4,701,567	6,098,805
Ending balance, December 31	$ 130,742,654	$ 116,105,693

27. CORRECTION OF PRIOR PERIOD ERROR

During the year, the Company learned that the dividends declared on May 24, 2019 for preferred A shares amounting to $8,537 were not recorded. Below is the summary of the adjustments and its effect on each financial statement line item:

Accounts	December 31, 2019, as previously stated	Adjustments	December 31, 2019, as restated
Statement of Financial Position			
Dividends payable	$ 20,601	$ 8,537	$ 29,138
Retained earnings	1,728,458	(8,537)	1,719,921

Management believes that the above restatement resulted to a better presentation of accounts and did not have any impact on prior year's profit or loss and cash flow.

28. EVENTS AFTER THE REPORTING PERIOD

On January 6, 2021, the Board of Directors passed resolutions approving anew the conduct of a Stock Rights Offering with issuance of bonus detachable warrants.

On January 22, 2021, Cirtek Electronics Corporation, a wholly-owned subsidiary of Cirtek Holdings Philippines Corporation, disposed 6,000,000TECH shares at 6.84.

On January 20, 2021, the PSE approved the application for listing of its 20,000,000 U.S. Dollar Denominated Preferred B2-B Shares issued to Camerton, Inc. by way of private placement. TECH has complied with all post-approval requirements for the listing of the shares subject of the private placement transaction. TECH's Preferred B2-B Shares, with the stock symbol "TCB2B", will be listed on February 2,

The Board of Directors of TECH, in its regular meeting held on February 5, 2021, approved the following:

1. Filing of Registration Statement with the Securities and Exchange Commission in connection with the TECH's Stock Rights Offering with Detachable Warrants.
2. Setting of the 2021 Annual Stockholders' Meeting on May 28, 2021 with Record Date on 29 April 2021.
3. Approval of the change of the Stock Symbol in the Philippine Stock Exchange of the TECH's Preferred B-2 Subseries A Shares from "TECB2" to "TCB2A"

On February 5, 2021 through a Special Block Sales Camerton, Inc. disposed Preferred B2 Subseries B Shares of 8,546,000 @ US$1.00 per share.

The Securities and Exchange Commission (the Commission) has issued on March 26, 2021 the Order of Registration and Certificate of Permit to Offer Securities for Sale to Cirtek Holdings Philippines Corporation in connection to the shelf-registration of Six Billion Pesos (Php6,000,000,000.00) worth of Commercial Paper (CPs), with an initial tranche of up to Two Billion Pesos (Php2,000,000,000.00) which is intended to be issued and then listed at the Philippine Dealing and Exchange Corp. on April 28, 2021. The succeeding tranches, if any, shall be issued within three (3) years from the date of effectivity of the Registration Statement.

28.01 Declaration of Cash Dividends

The Board of Directors of TECH, in its regular meeting held on 05 February 2021, approved the declaration of cash dividends on the following shares:

The Board of Directors of TECH, in its regular meeting held on 05 February 2021, approved the declaration of cash dividends on the following shares:

a. Preferred B-2 Subseries A Shares ("Preferred B-2A Shares"):

   Declaration of Cash dividend of US Dollars 0.015313 (US$0.015313) per share for each of the Sixty Seven Million (67,000,000) outstanding and issued Preferred B-2A shares amounting to an aggregate sum of US Dollars One Million Twenty Five Thousand Nine Hundred Thirty Seven and Fifty Cents (US$1,025,937.50), for each Dividend Period.

   The schedule of the payment and distribution of the cash dividends of Preferred B-2A shares shall be made to the entitled shareholders on the following dates:

   (i) March 8, 2021 to shareholders of record as of March 1, 2021;
   (ii) June 8, 2021 to shareholders of record as of June 1, 2021;
   (iii) September 8, 2021 to shareholders of record as of September 1, 2021; and
   (iv) December 9, 2021 to shareholders of record as of December 1, 2021.

b. Preferred B-2 Subseries B Shares ("Preferred B-2B Shares"):

   Declaration of cash dividend of US Dollars 0.015 (US$0.015) per share for each of the Twenty Million (20,000,000) outstanding and issued Preferred B-2B Shares amounting to an aggregate sum of US Dollars Three Hundred Thousand (US$300,000.00), for each Dividend Period.

   The schedule of the payment and distribution of the cash dividends of Preferred B-2B shares shall be made to the entitled shareholders on the following dates:

   (i) March 18, 2021 to shareholders of record as of March 5, 2021;
   (ii) June 18, 2021 to shareholders of record as of June 4, 2021;

(iii) September 20, 2021 to shareholders of record as of September 6, 2021; and
(iv) December 20, 2021 to shareholders of record as of December 6, 2021.

c. Preferred A Shares

Declaration of cash dividend of Php0.007 per share for each of the Seven Hundred Million (700,000,000) issued and outstanding Preferred A shares amounting to an aggregate sum of Seven Hundred Thousand Pesos (Php700,000.00), for payment and distribution on March 8, 2021 to shareholders of record as of March 1, 2021.

d. Preferred B-1 Shares

Declaration of cash dividend of Php0.06125 per share for each of the Seventy Million (70,000,000) issued and outstanding Preferred B-1 Shares amounting to an aggregate sum of Four Million Two Hundred Eight Seven Thousand Five Hundred Pesos (Php4,287,500.00) for payment and distribution on March 8, 2021 to shareholders of record as of March 1, 2021.

28.02 Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

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

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

Accordingly, PAS 10, *Events after the Reporting Period*, identifies the enactment or announcement of a change in tax rates and laws after the end of the reporting period as an example of a non-adjusting event even if it has a retroactive effect. Therefore, the reduction in the rate has not been reflected in these financial statements.

The impact of the RA 11534 on the Company's financial statements as at and for the year ended December 31, 2020, is presented below:

	As at December 31, 2020	Effect of changes in tax rates	Adjusted amount based on the reduced tax rates
Statement of Comprehensive Income			
Tax and licenses (percentage tax)	$ -	$ -	$ -
Current tax expense	8,438	(2,109)	6,329
Deferred tax expense (benefit)	-	-	-
Net income for the year	10,281,794	2,109	10,283,903
Statement of Financial Position			
Prepaid income tax	$ -	$ -	$ -
Deferred tax asset	-	-	-
Income tax payable	-	-	-
Deferred tax liability	-	-	-
Statement of Changes in Equity			
Reserves	$ -	$ -	$ -

29. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

These separate financial statements were approved and authorized for issuance by the Board of Directors on April 28, 2021.

30. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 15-2010

The Bureau of Internal Revenue (BIR) released a revenue regulation dated November 25, 2010 amending Revenue Regulations No. 21-2002 setting forth additional disclosures on Notes to Separate Financial Statements. Below are the disclosures required by the said Regulation:

30.01 Taxes and Licenses Paid or Accrued

The details of the Parent Company's taxes and licenses fees paid or accrued in 2020 are as follows:

30.01.01 Input VAT

An analysis of the Company's input VAT claimed during the year is as follows:

Balance, January 1	$	3,244
Adjustment		(3,244)
Balance, December 31	**$**	**-**

30.01.02 Documentary Stamp Tax

An analysis on the Company's documentary stamp tax paid or accrued during the year is as follows:

			DST		
		Amount of Transaction		**In Php**		**In USD**
Loan agreements, instruments and papers	₱	13,404,813	₱	13,404,813	$	266,383
Original issue of shares of stock		489,899		489,899		4,161
	₱	13,894,712	₱	13,894,712	$	270,544

30.01.03 Other Taxes and Licenses

An analysis on the Parent Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

		In USD		In PHP
Listing and registration fees	$	66,074	₱	3,281,032
Business permits		523		26.584
Others		700		34,020
	$	67,297	₱	3,341,636

30.01.04 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

		In USD		In PHP
Final withholding tax	$	161,395	₱	7,750,685
Expanded withholding taxes		9,169		448,845
	$	**170,564**	**₱**	**8,199,530**

31. SUPPLEMENTARY INFORMATION UNDER REVENUE REGULATION NO. 19-2011

Pursuant to Section 244 in relation to Section 6(H) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are prescribed to revise BIR Form 1702 setting forth the following schedules. Below are the disclosures required by the said Regulation:

31.01 Taxable Other Income

The Parent Company's taxable other income amounted to $421,900 or ₱20,260,928.

31.02 Itemized Deductions

The following is an analysis of the Parent Company's itemized deductions for the taxable year:

		In USD		In PHP
Finance cost	$	3,543,351	₱	176,226,476
Taxes and licenses		337,841		16,946,449
Professional fees		179,829		8,930,291
Realized forex loss		56,507		5,349,278
Advertising		47,326		2,308,638
Service fee		47,295		2,307,529
Director's fee		19,758		968,421
Depreciation		16,939		800,000
Miscellaneous		15,615		788,561
	$	**4,264,461**	**₱**	**214,625,643**