COVER SHEET
for
UNAUDITED QUARTERLY FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	1	0	2	1	3	7

Company Name

CIRTEK HOLDINGS PHILIPPINES
CORPORATION AND SUBSIDIARIES

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
17-Q	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	27-May	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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2022

2. Commission identification number CS2011102137 3. BIR Tax Identification No 007-979-726

4. Exact name of issuer as specified in its charter **Cirtek Holdings Philippines Corporation**

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

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

7. **116** East Main Avenue, Phase V-SEZ Laguna Technopark, Binan Laguna **4024**
   Address of issuer's principal office Postal Code

8. Issuer's telephone number, including area code +63 2 7729 6206 +63 49 541 2317

9. Former name, former address and former fiscal year, if changed since last report: **n/a**

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	**668,505,825/ n/a**

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

Yes [✔] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange – Common Shares and Preferred B2 Shares
PDEX – Commercial Paper

12. Indicate by check mark whether the registrant:

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

Yes [✔] No [ ]

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

Yes [✔] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see attached

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

Please see attached

SIGNATURES

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

Issuer.:

Signature and Title **Emelita Cruzada**
Chief Compliance Officer and Asst. Corporate Secretary

Date: May 20, 2022

Principal Financial/Accounting Officer/Controller:

Signature and Title. **Brian Gregory Liu**
EVP & Chief Financial Officer

Date: May 20, 2022

CIRTEK HOLDINGS PHILIPPINES CORPORATION

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CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In US Dollars)

	NOTES	**March 2022 (Unaudited)**	December 31, 2021 (Audited)
A S S E T S			
Current Assets			
Cash	4	**65,369,569**	71,415,234
Trade and other receivables – net	5	**60,461,551**	61,392,329
Due from related parties	18	**299,193**	191,570
Inventories – net	6	**58,813,419**	58,767,864
Other financial asset at amortized cost	8	**19,862**	19,862
Other current assets	7	**5,803,412**	5,844,689
		190,767,006	197,631,548
Assets held for sale	13	-	
		190,767,006	197,631,548
Non-current Assets			
Other financial asset at amortized cost – net of c	8	**478,876**	478,876
Property, plant and equipment – net	10	**41,128,113**	40,664,393
Intangible assets – net	11	**94,717,714**	93,779,952
Right-of-use asset – net	12	**520,891**	566,290
Deferred tax assets		**208,724**	208,724
Other non-current assets	13	**6,153,328**	6,284,553
		143,207,646	141,982,788
TOTAL ASSETS		**333,974,652**	339,614,336
LIABILITIES AND STOCKHOLDERS' EQUITY			
L I A B I L I T I E S			
Current Liabilities			
Trade and other payables	14	**19,255,538**	23,518,342
Short-term loan	15	**38,013,099**	41,460,364
Long-term debt – current portion	16	**17,391,810**	17,391,810
Due to related parties	18	**3,732,161**	626,327
Dividend payable		**126,955**	126,955
Lease liabilities – current portion	17	**406,572**	447,419
Income tax payable		**435,829**	347,114
		79,361,964	83,918,331
Non-current Liabilities			
Long-term debt – net of current portion	16	**31,636,942**	32,836,942
Lease liabilities – net of current portion	17	**144,003**	144,003
Retirement benefit obligation	24	**2,716,778**	2,597,274
Deferred tax liabilities	27	**3,590,071**	3,143,601
		38,087,794	38,721,820
TOTAL LIABILITIES		**117,449,758**	122,640,151
S T O C K H O L D E R S ' E Q U I T Y			
Common Stock	33	**14,562,067**	14,562,067
Preferred Stock	33	**3,925,528**	3,925,528
Additional Paid-in Capital	33	**179,726,321**	179,726,321
Stock Warrants	33	**6,458,070**	6,458,070
Equity Reserve	32	**4,030,214**	4,030,214
Other Comprehensive Income	26,32	**3,032,298**	3,032,298
Net Changes in Fair Value of Equity Investment at FVOCI		-	
		-	
Retained Earnings	32	**4,825,598**	5,275,552
Parent Company shares held by a subsidiary	33	**(35,202)**	(35,865)
TOTAL STOCKHOLDERS' EQUITY		**216,524,894**	216,974,185
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**333,974,652**	339,614,336

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In US Dollars)

		For The Three Months Ended March 31	
	NOTES	**2022 (Unaudited)**	2021 (Reviewed)
REVENUE FROM CONTRACTS WITH			
CUSTOMERS	19	**19,758,052**	22,744,904
COST OF SALES	20	**13,929,427**	16,108,862
		5,828,625	6,636,042
OPERATING EXPENSES	21	**3,052,226**	2,073,259
FINANCIAL EXPENSE (INCOME)			
Finance costs	15	**1,003,075**	1,127,557
Finance income	4,8	**(1,128)**	(26,244)
OTHER INCOME (EXPENSE) – net	26	**96,316**	182,398
PROFIT BEFORE TAX		**1,870,768**	3,643,868
INCOME TAX EXPENSE (BENEFIT)	26	**96,643**	30,440
PROFIT		**1,774,125**	3,613,428
DISCONTINUED OPERATION	34	-	-
OTHER COMPREHENSIVE INCOME			
ITEM THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:			
Remeasurement – net	26	-	2,272,271
TOTAL COMPREHENSIVE INCOME		**1,774,125**	5,885,699
Basic Earnings per Share	29	**0.00265**	0.0086

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In US Dollars)

For the Three month ended March 21, 2022 (Unaudited)

							Other Comprehensive Income (Loss)				
	Note	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Equity Reserve	Remeasurement	Net Changes in Fair Value of Equity Investment at FVOCI	Retained Earnings	Parent Company shares held by a subsidiary	Total
Balance, December 31, 2021		**$ 14,562,067**	**$ 3,925,528**	**$ 6,458,070**	**$ 179,726,321**	**$ 4,030,214**	**$ 3,032,298**	**$ -**	**$ 5,275,552**	**$ (35,865)**	**$ 216,974,185**
Profit									$ 1,774,125		**1,774,125**
Cash dividends declared	33								$ -2,224,079		**(2,224,079)**
Other comprehensive income		$ -								$ 663	**$ 663**
Balance, March 31, 2022		**$ 14,562,067**	**$ 3,925,528**	**$ 6,458,070**	**$ 179,726,321**	**$ 4,030,214**	**$ 3,032,298**	**$ -**	**$ 4,825,598**	**$ (35,202)**	**$ 216,524,894**

For the Three month ended March 21, 2021 (Reviewed

							Other Comprehensive Income (Loss)				
	Note	Common Stock	Preferred Stock	Stock Warrants	Additional Paid-in Capital	Equity Reserve	Remeasurement	Net Changes in Fair Value of Equity Investment at FVOCI	Retained Earnings	Parent Company shares held by a subsidiary	Total
Balance, December 31, 2020		**$ 9,594,321**	**3,032,140**		**120,053,514**	**4,030,214**	**3,032,298**	**$ (1,667,000)**	**28,144,471**	**(24,786,492)**	**$ 141,433,466**
Profit									3,613,428		**3,613,428**
Cash dividends declared	33								(1,299,995)		**(1,299,995)**
Other comprehensive income		-					99,560			-	**99,560**
Acquisition by subsidiary of parent company's shares										9,059	**9,059**
Balance, March 31, 2021		**$ 9,594,321**	**$ 3,032,140**	**$ -**	**$ 120,053,514**	**$ 4,030,214**	**$ 3,131,858**	**$ (1,667,000)**	**$ 30,457,904**	**$ (24,777,433)**	**$ 143,855,518**

See accompanying Notes to Interim Condensed Consolidated Financial Statements

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In US Dollars)

	NOTES	For The Three Months Ended March 31 2022 (Unaudited)	2021 (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,870,768**	3,643,868
Adjustments for:			
Depreciation and amortization	23,24	**2,647,475**	1,919,889
Finance costs	19	**1,003,075**	1,127,557
Finance income	7,12	**(1,128)**	(26,244)
Retirement benefit costs	26	**119,504**	85,784
Net unrealized foreign exchange losses (gains)	27	**(359,162)**	(3,428)
Operating cash flows before changes in working capital		**5,280,532**	6,747,426
Decrease (Increase) in operating assets:			
Trade and other receivables		**930,778**	6,807,366
Inventories		**(45,555)**	(1,610,497)
Other current assets		**42,231**	(1,693,897)
Increase (Decrease) in trade and other payables		**(4,262,804)**	2,444,265
Cash generated from (used in) operations		**1,945,182**	12,694,663
Interest received	7,12	**1,128**	26,244
Income taxes paid		**535,185**	330,818
Net cash from (used in) operating activities		**2,481,495**	13,051,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from matured bond investment			456,055
Lease liabilityat amortized cost		-	(29,333)
Decrease (Increase) in other noncurrent assets		**(2,719,921)**	4,986,934
Redemption of assets at amortized cost	12	-	
Acquisition of asset at amortized cost	12	-	
Acquisitions of:			
Product development costs	15	**(423,237)**	(558,284)
Property, plant and equipment	14	**(1,757,349)**	(511,772)
Net cash from (used in) investing activities		**(4,900,507)**	4,343,600
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from:			
Shares held by a subsidiary		-	9,059
Payments of:			
Lease liabilities	20	-	
Cash dividends	33	**(2,224,079)**	(1,299,995)
Finance costs	19	**(1,003,075)**	(1,127,557)
Long-term loan	19	**(1,200,000)**	(700,000)
Short-term loan	19	**(2,247,265)**	(43,810,407)
Acquisition by subsidiary of the Parent Company's shares	33	-	
Net movement in amounts owed by and owed to related parties	21	**2,998,211**	1,918
Refund of deposit for future stock subscription	33	-	
Net cash from financing activities		**(3,676,208)**	(46,926,982)
EFFECTS OF FOREIGN EXCHANGE RATE IN CASH	7	**49,555**	**3,115**
NET INCREASE (DECREASE) IN CASH		**(6,045,665)**	(29,528,542)
CASH AT BEGINNING OF YEAR		**71,415,234**	31,837,190
CASH AT END OF YEAR		**65,369,569**	2,308,649

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

1. Corporate Information

Cirtek Holdings Philippines Corporation (CHPC or the "Parent Company") was incorporated under the laws of the Republic of the Philippines on February 10, 2011 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 on November 18, 2011.

Prior to the listing, the Parent Company had undergone a corporate reorganization 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. (Camerton) is the immediate parent of CHPC, while Carmetheus Holdings, Inc. is the ultimate parent company of CHPC and its subsidiaries (the "Group").

CHPC, through its subsidiaries CEC and CEIC, is primarily engaged in two major activities: (1) the manufacture and sales of semiconductor packages as an independent subcontractor for outsourced semiconductor assembly, test and packaging services, and (2) the manufacture of value-added, highly integrated technology products. CEC provides turnkey solutions that include package design and development, wafer probing, wafer back grinding, assembly and packaging, final testing of semiconductor devices, and delivery and shipment to its customers' end users. CEIC sells integrated circuits principally in the United States of America, and assigns the production of the same to CEC. In 2014, CEIC acquired Remec Broadband Wireless Inc. (RBWI or REMEC), renamed Cirtek Advanced Technologies and Solutions, Inc. (CATS), a manufacturer of value added, highly integrated technology products. CATS offers complete "box build" turnkey manufacturing solutions to radio frequency, microwave and millimeter wave products used in the wireless industry such as telecommunication, satellite, aerospace and defense, and automotive wireless devices.

Incorporation of Cirtek Corporation and Cirtek Cayman Ltd. (CCL, Merger Subsidiary)

Cirtek Corporation was incorporated on July 7, 2017 under the laws of Delaware, USA, to engage in lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware. Cirtek Corporation is a wholly owned subsidiary of CEIC.

In the same period, CCL was incorporated in the Cayman Islands. CCL is a wholly owned subsidiary of Cirtek Corporation and was merged with Quintel Cayman Ltd. (Quintel) in accordance with the Agreement and Plan of Merger ("Agreement") between the Group and the previous stockholders of Quintel.

Acquisition of Quintel

On July 28, 2017, the Parent Company's Board of Directors, (BOD) approved the acquisition of Quintel and its subsidiaries for 83.2 million. Quintel is a leading innovator of spectrum and space-efficient base station antennas for wireless networks.

In accordance with the Agreement, CCL was merged with and into Quintel, with the latter surviving corporation. All outstanding shares, warrants, and stock options of the previous stockholders of Quintel were converted to a right to receive the consideration from CHPC and Cirtek Corporation. As a result of the merger, each of CCL's one hundred (100) issued and outstanding shares shall be converted into and exchanged for one (1) validly issued, fully paid and non-assessable share of the surviving company. On the other hand, each of Quintel's issued and outstanding shares before the merger shall be cancelled and extinguished, and be converted automatically into the right to receive a portion of the purchase price.

The Group believes that Quintel's cutting edge research and development and product capabilities significantly add to and complement the Group's growing portfolio in wireless communication, and is aligned with its business focus on high-growth market segments. Furthermore, being the strategic manufacturing partner of Quintel products places the Group in a unique situation to achieve significant synergies through value engineering, research and development collaboration as well as cost reduction, resulting in high-quality, reliable and cost-competitive products.

On August 4, 2017, the Assistant Registrar of Companies for the Cayman Islands issued a Certificate of Merger stating that the companies have merged effective on said date.

Commercial Papers

On February 19, 2020, the Securities and Exchange Commission (SEC) approved the $39,515,539 or P2,000,000,000 worth of Commercial Papers (CPs) of the Parent 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 $98,789 face value and increments of $1,976
B	5.582%	182 days	Minimum of $98,789 face value and increments of $1,976
C	5.832%	364 days	Minimum of P9,878 face value and increments of $1,976

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

On April 28, 2021 the Company listed its $20,657,743 or P1,000,000,000 worth of Commercial Papers (CP) with the Philippine Dealing and Exchange Corp as part of TECH's $123,946 or P6,000,000 CP Program. The CPs may be issued in lump-sum or in tranches as follows:

Series	Discount Rate	Tenor	Denomination
D	4.00%	182 days	Minimum of $103,289 face value and increments of $2,066
E	4.25%	364 days	Minimum of $103,289 face value and increments of $2,066

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

Effect of COVID-19

In order to hasten the achievement of herd immunity against COVID-19 within the Group and ensure the good health of its employees, the Group has extended its support to facilitate the drive to have majority of its employees vaccinated against COVID-19. The Group has cooperated with Laguna Technopark's vaccination facility by fielding its own set of medical volunteers. It thereby provided the employees easier access to a vaccination facility directly adjacent to the company's facility. This droves the workforce's vaccination rate to 99.70% as of present. Currently, the Group's medical team is moving forward to provide COVID-19 booster shots to strengthen herd immunity and pave the way to opening its doors again to international customers and visitors. Cash incentives were also given to employees that are vaccinated which helps for the encouragement of further protection against COVID-19. Shuttle services in selected areas/route are still provided by the Group, thus protecting its employees for possible infection. The Group continues to implement/enforce its policy Workplace Policy and Program on COVID-19 Prevention and Control in compliance with DOLE and DOH regulations.

Amidst the global pandemic, the Group 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 Group has been tapped by several of its customers for chips used in medical equipment desperately needed all over the world. The Company's medical chips are continuously growing from 1,000,000 units per week to 1,700,000 units per week in 2021 due to strong demand of medical chips from its major customers, it is expected to grow up to 2,000,000 units per week in 2022.

During the year, there was a strong demand of semi-conductor devices due to shortage because of insufficient production last 2020 from semi-conductor 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 are expected to have a significant growth, all the markets are increasing in orders particularly telecommunications, industrial, automotive, medical, computing including IOT because of the shortage.

The pandemic has brought about global catastrophe but out of adversity comes opportunity. COVID-19 has trailblazed the rapid shift to the digital age. Whether the Management like it or not, people will have to adapt and learn to thrive in a new digital world. As vaccines are developed and approved in lightspeed, so will digital trends such as Internet of Things, Smart Cities, Artificial Intelligence, Autonomous Vehicles, Telemedicine, Augmented and Virtual Reality will all be closer.

The sector the Company are in: Technology, Connectivity and Communications are indeed pandemic and recession-proof. It is for this very reason Telco operators in the US are spending billions of dollars acquiring airwaves to support the upcoming 5G Super Cycle where cellular infrastructure act as the super highway responsible for enabling these digital trends.

COVID-19 pandemic accelerated digital transformation that triggers high demand of semiconductor chips globally. In the report of International Data Corporation (IDC), 2022 is expected to record high record of growth. 5G semiconductor which covers wireless

communications revenues will increase by 128%, with total mobile phone semiconductors expected to grow by 28.5%. Consumers Electronics like Game consoles, smart home, home appliances and wearables will grow by 34%, 20% and 21% respectively. Automotive semiconductor revenues will also increase by 22.8% as shortages are mitigated by year end. Parent Company is expected to grow its business in 2022 up to 2023 to support the high demand of semiconductors.
Despite the global pandemic, the Group is still able to continue its Corporate Social Responsibility activities such as:

- Tree Planting activity at Caliraya Lumot Water Shed, Lumban Laguna dated July 31, 2021.
- Volunteer in COVID-19 Vaccination site in Laguna Technopark facility started last August 2021.
- Go GREEN Project: "Lead the Scene to keep it Green" launched last March 2021. Harvested vegetables were given to quarantine pantry and some were sold out to employees for a minimal price.
- Cash donation and relief goods for the affected employees of Typhoon Odette.

2. Basis for the Preparation and Presentation of Consolidated Financial Statement

Basis of Preparation

The interim condensed consolidated financial statements have been prepared in the 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, inventories carried at lower of cost or net realizable value, and asset for sale, which are stated at lower of carrying amount and fair value less costs to sell.

Statement of Compliance

The interim condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's December 31, 2020 annual consolidated financial statements.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of the following:

	Country of Incorporation	Percentage of Ownership			
		March 31, 2022		December 31, 2021	
		Direct	**Indirect**	Direct	Indirect
CEC	Philippines	**100**	**–**	100	–
CEIC	BVI	**100**	**–**	100	–
CATS (formerly known as RBWI)	BVI	**–**	**100**	–	100
CATS - Philippine Branch	Philippines	**–**	**100**	–	100
RBW Realty and Property, Inc. (RBWRP)	Philippines	**–**	**100**	–	100
Cirtek Corporation	United States of America	**–**	**100**	–	100
Quintel Cayman	Cayman Islands	**–**	**100**	–	100
Quintel Technology, Ltd.	United Kingdom	**–**	**100**	–	100

Quintel USA	United States of America	**–**	**100**	–	100
Telecom Quintel Mauritius, Ltd.	Republic of Mauritius	**–**	**100**	–	100

Telecom Quintel Mauritius, LTD, and Quintel Technology, LTD, was liquidated, as discussed in Note 31.

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiaries) up to December 31 of each year. Control is achieved when the Parent Company has exposure or rights to variable returns from its involvement

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.
At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the profit and loss in the period of acquisition. Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company. A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

Business Combinations and Goodwill

Business combination is a transaction or event in which an acquirer obtains control of one or more businesses. The Group accounts for each business combination by applying the acquisition method in accordance with PFRS 3. The Group elects to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group as an acquirer shall report in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete.

During the measurement period, the Group as an acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about the facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group as an acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group as an acquirer receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration that is classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 (previously PAS 39) is measured at fair value with changes in fair value recognized either in profit or loss or other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

The Group recognizes goodwill as of the acquisition date as the excess of (a) and over (b) below:

a) The aggregate of:
   i. The consideration transferred, which is generally measured at acquisition-date fair value;
   ii. The amount of any non-controlling interest in the acquiree; and
   iii. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
b) The net of the acquisition-date amounts the identifiable assets acquired and the liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within the unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Common control combination is a business combination wherein the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

The Group applied pooling of interest method in accounting for common control business combinations. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values at the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value of consideration received is also accounted for as an equity transaction.

The Group records the difference as equity reserve and is presented as a separate component of equity in the consolidated statement of financial position. Comparatives shall be restated to include balances and transactions as if the entities have been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of the combination.

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

The following new and revised PFRSs have been adopted in these 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 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.

2.02 New and Revised PFRSs in Issue but Not Yet Effective

Cirtek Group will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, Cirtek Group does not expect the adoption of these new and amended PFRS, to have significant impact on the 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 beyond June 30, 2021*

The following are the amendments to PFRS 16:

- permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022 (rather than only payments originally due on or before June 30, 2021);
- require a lessee applying the amendment to do so for annual reporting periods beginning on or after April 1, 2021;
- require a lessee applying the amendment to do so retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
- specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of IAS 8.

The amendments are effective for annual reporting periods beginning on or after April 1, 2021, 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.

Amendments to PAS 8, *Definition of Accounting Estimates*

The definition of accounting estimates has been amended as follows: accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendment also clarifies the following:

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- A change in an accounting estimate may affect only the current period’s profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period., with earlier application permitted.

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

The amendments to PAS 1 are the following:

- an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application 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 fulfillment 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.

2.02.02 Deferred

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. Operating Segments

Financial information on the Group's business segments as of March 31, 2022 and 2021 are presented below. The amounts disclosed were determined consistent with the measurement basis under PFRS.

For the three months ended March 31, 2022:

	CEC	CATS - Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Net sales:					
External customers	$10,644,940	$5,033,079	$4,080,033	$-	$19,758,052
Total net sales	10,644,940	5,033,079	4,080,033	-	19,758,052
Segment depreciation and amortization	1,037,672	250,331	21,636	293,730	1,603,369
Segment interest income	494	606	28	-	1,128
Segment interest expense	1,019,408	-	(16,333)	-	1,003,075
Segment profit (loss) before income tax	1,080,311	1,261,408	673,290	(1,144,241)	1,870,768
Segment provision for income tax	81,254	9,953	5,436	-)	96,643
Segment profit (loss) after income tax	$999,057	$1,251,455	$667,854	($1,144,241)	$1,774,125

Other financial information of the operating segments as of March 31, 2022 is as follows:

	CEC	CATS-Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Assets					
Current assets	$ 181,851,518	$ 88,591,985	$ 9,911,904	$ (89,588,400)	$ 190,767,006
Non-current assets	45,718,270	13,225,733	5,678,183	78,585,460	$ 143,207,646
	$ 227,569,788	$ 101,817,718	$ 15,590,086	$ (11,002,940)	$ 333,974,652
Liabilities					
Current liabilities	$ 142,504,236	$ 74,560,437	$ -	$ (137,702,708)	$ 79,361,964
Non-current liabilities	2,617,415	-	-	35,470,378	$ 38,087,792
	$ 145,121,650	$ 74,560,437	$ -	$ (102,232,330)	$ 117,449,755

For the three months ended March 31, 2021:

	CEC	CATS - Philippine Branch	Quintel	Eliminations and Consolidation Adjustments	Consolidated
Net sales:					
External customers	$10,673,969	$6,756,112	$5,314,823	$–	$22,744,904
Total net sales	10,673,969	6,756,112	5,314,823	–	22,744,904
Segment depreciation and amortization	631,498	300,000	184,944	-	1,116,442
Segment interest income	2,698	5,159	18,387	–	26,244
Segment interest expense	1,097,152	–	30,405	–	1,127,557
Segment profit (loss) before income tax	186,872	2,418,638	1,332,088	(293,730)	3,643,868
Segment provision for income tax	75,066	5,292	5,891	(55,809)	30,440
Segment profit (loss) after income tax	$111,806	$2,413,346	$1,326,197	$(237,921)	$3,613,428

Other financial information of the operating segments as of December 31, 2021 is as follows:

		CEC		CATS-Philippine Branch		Quintel		Eliminations and Consolidation Adjustments		Consolidated
Assets										
Current assets		377,500,726		85,391,456		8,905,013	$	(278,832,625)	$	192,964,570
Non-current assets	$	125,477,939	$	13,613,338	$	5,249,174	$	(11,031,097)	$	133,309,354
	$	**502,978,665**	**$**	**99,004 ,794**	**$**	**14,154,187**	**$**	**289,863,722)**	**$**	**326,273,924**
Liabilities										
Current liabilities		133,498,550		76,088,107		8,837,447	$	(195,626,182)	$	22,797,922
Non-current liabilities	$	35,527,182	$	147,306		15,245,001	$	3,386,968	$	54,306,457
	$	**169,025,732**	**$**	**76,235,413**	**$**	**24,082,448**	**$**	**192,239,214**	**$**	**77,104,379**

Prior to the Group's acquisition of Quintel, the Group has reported only one operating segment primarily because the Group operates out of one geographical location and the Group has previously reported information on an entity-wide basis.

4. Cash and Cash Equivalents

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Cash on hand	$	**245**	$	247
Cash in banks		**65,369,324**		71,414,987
	$	**65,369,569**	$	71,415,234

Cash in banks earn interest at prevailing bank deposit rates.

Interest income earned from cash in banks amounted to $1,128 and $17,090 for the three months ended March 31, 2022 and 2021, respectively.

5. Trade and Other Receivables - Net

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Trade receivables	$	**48,355,944**	$	46,897,711
Less: Allowance for expected credit losses		**(741,012)**		(741,012)
		47,614,932		46,156,699
Others		**12,846,619**		15,235,630
	$	**60,461,551**	$	61,392,329

Trade receivables are non-interest bearing and are generally on thirty (30) to one twenty (120) days' terms.

Management believes that the expected credit losses provided are sufficient based on changes of the related financial assets' credit risks.

Others include accrued interest receivable from short-term deposits and nontrade receivable from suppliers which are expected to be collected within one year.

6. Inventories

Details of the Group's inventories are as follows:

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Raw materials	$	**40,861,143**	$	40,809,391
Finished goods		**11,758,295**		11,884,635
Work-in-process		**1,264,383**		1,269,967
Spare parts and others		**1,460,450**		1,462,669
Supplies and others		**3,469,148**		3,341,202
	$	**58,813,419**	$	58,767,864

The cost of inventories charged to cost of sales amounted to $8,029,030 and $25,312,574 for the three months in 2022 and 2021 respectively, as disclosed in Note 20.

7. Other Current Assets

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Prepaid expenses	$	**145,674**	$	167,981
Advances to suppliers and others		**4,632,811**		4,795,889
Loans to employees - Note 18		**733,737**		619,406
Security deposits		**179,809**		179,809
Others		**111,381**		81,604
	$	**5,803,412**	$	**5,844,689**

Advances to suppliers pertain mainly to down payments for production materials and services that are still to be delivered.

Loans to employees include loans extended to key management personnel as disclosed in Note 18.

Others include investment classified as financial asset at FVTPL amounting to $557 and $568 as of March 31, 2022 and December 31, 2021, respectively.

8. **Other Financial Asset at Amortized Cost:**

The movement of the Group's financial asset at amortized cost is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Current	**$19,862**	$19,862
Time deposit	**-**	-
Non-current	**-**	-
Government bonds	**$478,876**	$478,876
	$498,738	$498,738

In compliance with the Revised Corporation Code of the Philippines, foreign corporations doing business in the Philippines are required to deposit with the Philippine SEC securities worth at least 2,300 (P100,000) and additional securities with the market values equivalent to a certain percentage of the amount by which CATS – Philippine Branch's income exceeds 0.1 million (P5.0 million).

The Philippine SEC shall also require a deposit of additional securities if the actual market values of the securities in deposit decreases by at least 10% of their actual market values at the time they were deposited.

The Group's other financial asset at amortized cost pertains to government bond which was purchased by the Philippine Branch of CATS in compliance with above regulation. The remaining bond will mature in 2021 and bears an effective interest rate of 1.948% per annum.

Interest income in the three months ended March 31, 2022 and year ended December 31 2021, amounting to $nil and $6,233 respectively, are presented as finance income in the consolidated statements of comprehensive income.

9. **Assets Held for Sale**

On December 9, 2014, the Group's BOD approved the plan to sell and dispose certain assets such as land, building and other improvements, and building plant and machinery of CATS and RBWRP to any interested buyers as these are excess assets from the acquisition and are no longer needed in CATS – Philippine Branch's operations.

An independent valuation was obtained to determine the fair values of property, plant and equipment. Effective December 31, 2014, property, plant and equipment with carrying value of $11,408,611 was classified as assets held for sale in the consolidated balance sheets and have since been measured at the lower of carrying value and fair value less costs to sell.

The fair value of the assets held for sale was determined as the sum of:

1. Fair value of land computed using the Market Approach (Level 3); and
2. Fair value of building and building improvements, and machinery and equipment computed as Replacement Cost New less estimated accrued depreciation (Level 3).

The valuations were performed by the Philippine SEC-accredited independent appraiser as of December 31, 2017.

Market Approach is a method of comparing recent sales and sales offerings of similar properties located in the surrounding area, adjusted for time, size, location and other relevant factors. Price per square meter of market comparable range from $125 to $150. Significant increase (decrease) in estimated price per square meter in isolation would result in a significantly higher (lower) fair value on a linear basis.

Replacement Cost New is estimated as follows:

- For building and improvements, the appraiser used the Comparative Unit Method. This method is derived by dividing the total known cost of similar buildings or structures by the total construction floor area of those structures, combining all the costs of a particular type and quality of structure into one value as a cost per square meter. The resulting benchmark costs are then adjusted to reflect the difference between the benchmark building and structures to the subject property in term of market conditions, locations and/or physical characteristics.

  Construction cost per square meter range from $308 to $411. Adjustments are then made to reflect depreciation resulting from physical deterioration, functional and economic obsolescence.

  For machinery and equipment, the appraiser considered the cost to reproduce or replace in new condition the assets appraised in accordance with the prevailing market prices for materials, equipment, labor, contractor's overhead, profit and fees, and all other attendant cost associated with its acquisition, installation and construction in place, but without provision for overtime or bonuses for labor and premiums for materials. An allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present (physical, functional or economic), taking into consideration past and present maintenance policy and rebuilding history is also considered.

  Costs to sell, such as marketing expenses, brokerage fees and relevant taxes, were also estimated to arrive the amount of fair value less costs to sell.
  As of December 31, 2017, the carrying value of assets held for sale amounting to $11,408,611 lower than fair value less costs to sell.

  In 2018, land and building with a total carrying value of $8.6 million reclassified to investment properties, as disclosed in Note 14, and building plant and machineries with a total carrying value of $2.8 million were reclassified to property, plant and equipment. Management assessed that the sale of these properties is no longer probable and no longer meet the classification criteria set by PFRS 5, Non-current Assets Held for Sale and Discontinued Operations, as disclosed in Notes 13 and 14. Depreciation recognized has the properties not been reclassified as non-current asset held for sale amounted to $0.5 million presented under "Operating expenses" in the consolidated statements of comprehensive income.

  The most recent valuation of the Company's investment properties was performed on April 22, 2018 by Philippine SEC accredited independent appraiser. The valuation was arrived by reference to Market Approach method which is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets.

  In 2019, Management has already located buyers who are willing to buy the assets at sales price reasonable in relation to the fair value. It is highly probable that sale will be completed in the subsequent year. Thus, the Group reclassified land and building with a total carrying value of $10,605,040 presented as investment properties as assets held for sale.

  Investment properties were reclassified as asset held for sale on December 31, 2020, as the Management becomes committed to sell the properties in the subsequent year.

  As of December 31, 2020, assets held for sale is measured at its fair value.

  No impairment loss was recognized in relation to reclassification.

  The sale was completed in December 15, 2021. The assets sold includes a forty-thousand square meter lot, buildings and machineries which are all located in Lot 04 Innovation Drive, Camelray Industrial Park 1, Calamba City, 4027, Laguna, Philippines.

10. **Property, Plant and Equipment - Net**

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Property, Plant and Equipment	**$111,507,522**	$102,945,726
Less: Accumulated Depreciation	**(70,379,409)**	(62,281,333)
Property, Plant and Equipment - Net	**$41,128,113**	$40,664,393

Movement during the period:		
Balance, January 1	**$40,664,393**	$41,951,841
Cost:		
Additions	**1,757,349**	7,768,172
Disposal		(4,640,905)
Accumulated Depreciation		
Depreciation – Note 20, 21	**(1,293,629)**	(4,849,800)
Disposal		435,085
	$41,128,113	$40,664,393

The Group acquired assets as of March 31, 2022 and December 31, 2021 with a cost of $1,757,349 and $7,768,172, respectively.

Depreciation expense amounted to $1,293,629 and 1,356,789 for the three-month period ended March 31, 2022 and March 31, 2021, respectively.

In both 3 month and 12-month periods, the Group determined that there is no indication that impairment occurred on its properties, plant and equipment.

11. **Intangible Assets - Net**

	March 31, 2021 (Unaudited)	December 31, 2021 (Audited)
Goodwill	**$55,541,157**	$55,541,157
Customer relationships	**23,736,500**	23,736,500
Trademark	**7,472,800**	7,472,800
Technology	**391,640**	685,370
Product development costs	**7,575,617**	6,344,125
	$94,717,714	$93,779,952

Goodwill
The goodwill acquired through business combination is only attributable to the Quintel business. As a result of the Quintel acquisition, the Group recognized goodwill amounting to $ nil and $55,541,157 as of March 31, 2022 and December 30, 2021

Customer relationships
Customer relationships represent Quintel's established relationships with two of the largest telecom companies in the US. Such relationships are deemed valuable given the length of their relationships (from as far back as 2008) and the difficulty in establishing connections. Management strongly believes that the relationships with their current customers will drive Quintel's business in the long run.

The fair value of customer relationships is determined based on discounted excess earnings, which is the difference between the post-tax cash flows attributable to the sales made to Quintel's current customers and the contributory asset charges used to generate the cash flows (i.e., multi period excess earnings method). Customer relationships are estimated to have an indefinite useful life, and will be subject to yearly impairment testing.

Technology

Movements of technology are as follows:

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Carrying amount				
Cost	$	**5,874,600**	$	5,874,600
Accumulated amortization		**(5,189,230)**		(4,014,310)
	$	**685,370**	$	1,860,290
Movements during the year				
Balance, January 1	$	**685,370**	$	1,860,290
Reclassification to Product Development		-		
Amortization - Notes 20, 21		**(293,730)**		(1,174,920)
Balances	$	**391,640**	$	685,370

The fair values of Quintel's technology and registered trademark were determined based on discounted notional royalty savings after tax plus discounted tax amortization benefit resulting from the amortization of the acquired assets (i.e., relief from royalty method). The Group estimates that technology will have an economic life of five (5) years.

Trademark

Trademark is estimated to have an indefinite useful life.

The group has determined that there is no indication that an impairment loss has occurred on its technology and trademark.

Product development costs

Movements of product development cost are as follows:

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Carrying amount				
Cost	$	**9,350,051**	$	7,391,310
Accumulated amortization		**(3,005,926)**		(1,929,935)
	$	**6,344,125**	$	5,461,375
Movements during the year				
Balance, January 1		**6,344,125**		5,461,375
Additions		**1,590,461**		1,958,741
Reclassification from Technology		-		
Amortization - Notes 20, 21		**(358,969)**		(1,075,991)
Balances	$	**7,575,617**	$	6,344,125

Product development cost pertains to the capitalized cost of developing certain packages or products for the specific customers. The development costs met the requirements of PAS 38 for capitalization.

Software

As of March 31, 2022 and December 31, 2021, CEC has software with a total cost of $39,278 which are fully amortized but are still used for in operations.

12. **Right-of-use Asset– net**

The details of the Group's right-of-use asset are as follows:

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Balance, January 1	$	566,290	$	443,009
Additions		-		323,618
Amortization - Notes 20, 21		(45,399)		(200,337)
	$	520,891	$	566,290
Cost, January 1		832,633		832,633
Additions		-		
Accumulated amortization		(311,742)		(266,343)
Carrying Amounts	$	520,891	$	566,290

As of March 31, 2022 and December 31, 2021, lease liabilities related to right-of-use asset amounted to $550,575 and $591,422, respectively as disclosed in Note 17.

13. **Other Non-current Assets**

		March 31, 2022 (Unaudited)		December 31, 2021 (Audited)
Loans to employees	$	-	$	-
Miscellaneous deposits		177,909		177,909
Rental deposit		1,198,082		1,235,609
Advances to suppliers		4,772,728		4,862,663
Others		4,609		8,372
	$	6,153,328	$	6,284,553

Loans to employees includes loans to key management personnel as disclosed in Note 18.

Miscellaneous deposits pertain to refundable deposits with MERALCO for the installation of CEC's electrical meters and bill deposit equivalent to one month energy consumption.

Advances to suppliers pertain to down payments for the acquisition of software and building expansion.

14. **Trade and Other Payables**

Trade payables are noninterest-bearing and are generally on 60-90 day's terms.

		March 2022 (Unaudited)		December 31, 2021 (Audited)
Trade	$	11,812,801	$	17,268,313
Accruals		4,254,797		3,422,768
Contract liabilities		2,029,380		1,906,600
Provisions		447,081		435,022
Due to government		711,478		485,639
	$	19,255,538	$	23,518,342

Accruals comprise mainly of accruals for payroll, utilities, communication, security, shuttle services and professional services. Accruals include accrual of interest amounting to $312,441 and $354,254 in 2022, 2021 respectively, as disclosed in Notes 15 and 16.

Provisions pertain to the Group's estimate of the cost to repair or replace defective products in accordance with agreed specifications and potential liability for legal and other claims.

Others pertain to statutory liabilities.

15. **Short-term Loans**

The Group has the following loan facilities:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Rizal Commercial Banking Corporation (RCBC)	**$15,804,381**	$17,782,645
Security Bank Corporation (SBC)	**1,225,000**	2,450,000
United Coconut Planters Bank (UCPB)	**7,356,000**	5,000,000
Shinhan Bank	**-**	2,600,000
Commercial paper	**13,627,718**	13,627,719
	$38,013,099	$41,460,364

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) 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 Commercial Paper Maturing February 18, 2021.

On July 15, 2020, Listing of Reissued Cirtek Holdings Philippines Corporation Php 494,000,000 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 RCBC have payment terms ranging from 60 days to 360 days. The facilities charged interest of 2.25% to 5% per annum in 2021 and 2020.

• Revolving loan facilities with CBC, which have payment terms of 180 days, are unsecured and charged interest of 5% per annum in both years.

• Revolving loan facilities with SBC have payment terms ranging from 177 days to 180 days. The facilities charged interest of 1.95% to 6% per annum in 2021 and 2020.

• Revolving loan facilities with UCPB have payment terms of 180 days. The facilities charged interest of 4.75% and nil per annum in 2021 and 2020, 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. On August 2021, the term of the loan was extended until August 29, 2022 with interest rate of 4.5% per annum.

In 2022 and 2021, finance costs incurred and paid on short-term loans amounted to $ 1,003,075 and $ 1,127,557 respectively.

The Group is in compliance with the debt covenants as of March 31, 2022 and December 31 2021.

16. **Long-term Debt**

Details of long-term debt are as follow:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Principal	**$49,300,000**	$50,500,000
Less deferred financing costs	**(271,248)**	(271,248)
	$49,028,752	$50,228,752
Current – Note 16.01, 16.02	**$17,391,810**	$17,391,810
Non-current – Note 16.01, 16.02	**31,636,942**	32,836,942
	$49,028,752	50,228,752

16.01 2016 Note Facility Agreement (NFA)

On September 20, 2016, the Parent Company entered into a 30.0 million NFA with BPI (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 40% 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 the 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 the end of the 16th quarter from the issue date. The remaining 70% of the loan outstanding on se date in four (1) equal consecutive quarterly installments in the amount equivalent to 17.5% of the loan outstanding on issue date commencing on the 17th quarter from the w e 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 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/PAS 39.

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 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 Parent Company and its subsidiaries to pay or repay money.

16.02. 2018 Note Facility Agreement (NFA)

On April 12, 2018, the Parent Company entered into a 40.0 million NFA with BPI and RCBC (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 to 20.0 million 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.

Under the NFA, the Parent Company shall pay the 30% of the loan outstanding on issue date in twenty-four (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 not 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 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 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 Group Debt, on the other hand, is defined in the agreement as the aggregate of all obligations (whether actual or contingent) of the Parent Company and its subsidiaries to pay or repay money. Debt service ratio is defined in the agreement as the result obtained by dividing (i) 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 36.4 million and 37.0 million as of March 31, 2022 and December 31, 2021, respectively.

The Parent Company is in compliance with the debt covenants as of March 31, 2022 and December 31, 2021.

<u>*16.03 CATS*</u>

In 2012, CATS obtain a secured interest-bearing loan from a local commercial bank amounting to 13.0 million. The principal is payable in twenty-eight (28) quarterly payments of 464,286 until 2018 and bears annual interest rate of 3.0% plus three (3) month London inter-bank offer rate (LIBOR). This bank loan was specifically borrowed to refinance the parcel of land with improvements located along Innovation Drive, Carmelray Industrial Park 1, Brgy. Canlubang, Calamba City, Laguna and registered in the name of RBWRP. The land and building owned by RBWRP were used as collateral for the secured interest-bearing loan as disclosed in Note 15. The Group assumed the loan upon acquisition of REMEC's manufacturing division in 2014.

The loan contract gives the Group an option to prepay the loan in part or in full, subject to the Group giving the creditor at least thirty (30) days advance notice of its intention to make such prepayment counted from the date of receipt by the creditor of such written notice.

On September 26, 2016, the Group prepaid the balance of the loan, including accrued interest, for 4.7 million.

CATS is in compliance with the debt covenants as of March 31,2022 and December 31, 2021.

Total finance costs accrued and paid (including amortization of deferred finance costs) for short-term loan and long-term debt recognized in the consolidated statements of comprehensive income amounted to $1,003,075, $5,492,474 and $4,907,331 in 2022, 2021 and 2020 respectively.

17. Lease Liabilities

The Group, as lessee, entered into leasing arrangements with its related parties as disclosed in Notes 18 and 22. The following are the amounts of lease liabilities:

Movement in the lease liabilities is as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	March 2022 (Unaudited)	December 31, 2021 (Audited)	**March 2022 (Unaudited)**	**December 31, 2021 (Audited)**
Not later than one year	**409,108**	$ 126,337	$ **409,108**	$ 123,801
Later than one year but not later than five years	**21,543**	345,160	**21,543**	339,677
Later than five years	**119,924**	129,380	**119,924**	127,945
	550,575	600,877	**550,575**	591,423
Discount	**(9,405)**	(9,455)		
Present value of minimum lease payments	**550,575**	591,422	**550,575**	591,423
Current lease liabilities	**406,572**	447,419	**406,572**	447,419
Non-current lease liabilities	**144,003**	$ 144,003	$ **144,003**	$ 144,003

	March 31, 2022 Unaudited	Dec 31, 2021 Audited
Balance, January 1	**$591,423**	$464,884
Additions		312,332
Lease payment	**40,847**	(185,793)
Balances	**$550,575**	$591,423

The Group is required to pay security deposit and advanced rental equivalent to one (1) month rent amounting to 1,939. These shall be applied to the last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract.
Rental deposits amounted to $1,198,082 and $1,235,609 as of March 31, 2022 and December 31, 2021, respectively, as disclosed in Note 7.

The Group used its incremental borrowing rate of 5.5% to measure the present value of its lease liabilities since the implicit rate was not readily available.

The Group is compliant with the terms and conditions of the lease contracts.

18. Related Party Disclosures

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

Related Parties	Nature of Relationship
Carmetheus Holdings, Inc.	Ultimate Parent
Camerton Inc. (CI)	Immediate Parent
Cayon Holdings, Inc.	Under common key management
Cirtek Holdings, Inc. (CHI)	Under common key management
Charmview Enterprises Ltd (CEL)	Under common key management
Stockholders	Key Management Personnel

The interim consolidated balance sheets and interim consolidated statements of comprehensive income include the following significant account balances resulting from the above transactions with related parties:

a. Due to related parties

		Transactions Three Months Ended March 31		Balances as of			
		2022 (Reviewed)	2021 (Unaudited)	**March 31, 2022 (Reviewed)**	December 31, 2021 (Audited)	Terms	Conditions
Other related parties							
CLC	Rental	**$5,747**	($1,752)	**$463,327**	$469,074	Due on demand; noninterest-bearing	Unsecured
Cayon	Rental	**417**	1,646	**121,741**	121,325	Due on demand; noninterest-bearing	Unsecured

Stockholders	Payment made on behalf of the Group	**3,105,001**	–	**3,147,093**	35,928	Due on demand; noninterest-bearing	Unsecured
		$,3111,165	($106)	**$ 3,732,161**	$626,327		

b. Due from related parties

		Transactions		Balances as of			
		Three Months Ended March 31					
		2022 (Reviewed)	2021 (Unaudited)	**March 31, 2022 (Reviewed)**	December 31, 2021 (Audited)	Terms	Conditions
Cayon	Reimbursement of expenses	**$107,623**	$2,023	**$299,193**	$191,570	Due on demand; non-interest bearing	Unsecured; no impairment

The following are the nature, terms and conditions:

a) Transactions with CHI

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, CEL and the officer, with the consent of the Group, entered into assignment agreements whereby CHI absorbed the amounts owed by CEL and by the officer as of March 17, 2011 amounting to 7.7 million and 0.8 million, respectively.

The Group, with the consent of the related parties, entered into assignment agreements whereby the Parent Company absorbed the amount owed by CEIC to CHI totaling 3.6 million representing unpaid advances of 2.3 million and dividends of 1.3 million as of March 17, 2011.

Thereafter, on March 18, 2011, the Parent Company and CHI, in view of being creditors and debtors to each other as a result of the assignment agreements above, entered into a set-off agreement for the value of the Group's liability aggregating 6.8 million. The amount represents the abovementioned total liability of 3.6 million and the balance outstanding from the Parent Company's purchase of CEC and CEIC amounting to 3.2 million, as revalued from the effect of foreign exchange rate.

The amount owed by CHI as of March 31, 2021 and December 31, 2021 pertains to the outstanding receivable arising from the assignments and set-off agreements. The amounts outstanding are non-interest bearing, unsecured and will be settled in cash.

b) Transactions with Cayon

The Group also entered into an agreement with Cayon starting January 1, 2011 to ease the land where Group's Building 2 is located. The agreement calls for an annual rental of P282, 144 for a period of 10 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. Total rent expense charged to operations amounted to $.002 million and 0.01 million in 2021 and 2020, respectively. The amounts are unsecured, non-interest bearing and due and demandable and will be settled in cash. No guarantees have been given

c) Transactions with CLC

The Group had a lease agreement on the land where its manufacturing plant (Building 1) is located with CLC for a period of 50 years starting January 1, 1999. The lease was renewable for another twenty-five (25) years at the option of the Group. The lease agreement provided for an annual rental of .15Million subject to periodic adjustments upon mutual agreement of both parties.

On January 1, 2011, the Group entered into an agreement with CLC to lease the land where Building 1 is erected. The agreement calls for a fixed annual rate of P0.64 Million (0.01 Million) for a period of ten (10) years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may then be mutually agreed upon. The total rent expense charged to operations amounted to 0.01 million in both years.

The compensation of key management personnel of the Group are as follows:

	Three Months Ended March 31	
	2022	2021
	(Unaudited)	(Reviewed)
Salaries and wages	**$ 742,235**	$225,283
Other employee benefits	**29,651**	23,692
	$771,886	$248,974

19. **Revenue from Contracts with Customer**

Below is the disaggregation of the Group's revenue from contracts with customers for the *three* months ended March 31, 2022 and 2021 respectively:

	For the Three months ended March 31 (Unaudited)	March 31 2021 (Reviewed)
	2022	2021
8 port antennas	$ 1,518,795	$ 4,781,522
6 port antennas	1,141,139	2,599,529
16 port antennas	707,238	-
Integrated Circuits	2,990,062	2,799,934
Discrete	2,271,918	2,232,736
Multichips	2,203,211	2,428,572
Dual and quad flat no leads	2,316,100	2,034,963
Remec, manufacturing services	2,079,060	1,531,264
New product	2,133,625	1,824,118
Hermetics	863,650	1,177,764
12 port antennas	1,160,988	769,609
Others	166,585	210,571
Indoor radio frequency	11,412	6,227
Cougar	61,809	169,685
Brackets	48,756	125,477
Outdoor unit	16,103	38,604
10 port antennas	65,082	9,900
Bridgewave	2,519	4,429
	$ 19,758,052	$ 22,744,904

The Group has no contract assets as of March 31, 2022 and December 31, 2021.

The Group's contract liabilities pertain to advance payments from customers amounting to $2,029,380 and $1,906,600 as at March 31, 2022 and December 31, 2021, respectively, as disclosed in Note 14. Contract liabilities as at January 1, 2018 were recognized as revenue in 2018.

20. **Cost of Sales**

	For the Three months ended March 31	March 31 2021
	(Unaudited)	(Reviewed)
	2022	2021
Raw materials, spare parts, supplies and other inventories used	$ 8,029,030	$ 10,167,830.00
Salaries, wages and employees' benefits - Note 23	2,326,644	2,681,713
Depreciation and amortization - Notes 10, 11, 12, 13	1,580,424	1,734,357
Utilities	871,443	857,504
Inward freight and duties and others	983,549	583,434
Others	138,336	84,024
	$ 13,929,427	$ 16,108,862

21. **Operating Expenses**

		For the Three months ended March 31		March 31 2021
		(Unaudited)		(Reviewed)
		2022		2021
Salaries, wages and employees' benefits - Note 23	$	**1,216,253**	$	762,420.00
Professional fees		**194,256**		167,808
Commissions		**194,280**		119,926
Others		**1,013,552**		243,408
Taxes and licenses		**207,822**		289,688
Depreciation and amortization		**22,945**		185,532
Utilities		**72,779**		242,825
Office supplies		**34,382**		6,459
Entertainment, amusement and recreation		**32,752**		10,465
Insurance premiums		**27,337**		22,603
Transportation and travels		**35,866**		22,125
	$	**3,052,226**	$	**2,073,260**

Utilities are consumptions of water, electricity and telephone service.

Taxes and licenses are business permits, registration renewals and other fees to government units.

22. **Lease Agreements**

The Group has leases for its land. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group's sales) are excluded from the initial measurement of the lease liability and asset.

22.01 The Group as a Lessee

22.01.01 Cirtek Land Corporation

The Group entered into a lease agreement with Cirtek Land Corporation (CLC), a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,674 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CLC to lease the land where Building 1 is erected. The agreement calls for a fixed annual rate of 12,189 for a period of 16 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month rent amounting to 1,016. These shall be applied to last month rent and unpaid bills, or refunded upon termination of lease contract

22.01.02 Cayon Holdings, Inc.

The Group entered into a lease agreement with Cayon Holdings, Inc (Cayon), a related party, for piece of land located at 116 East Main Avenue, Phase V SEZ, Laguna Technopark, Binan Laguna consisting of 6,064 square meters, more or less. On January 1, 2019, the Group entered into an agreement with CHI to lease the land where Building 2 is erected. The agreement calls for a fixed annual rate of 11,075 for a period of 5 years and renewable thereafter by mutual agreement of the parties subject to such new terms and conditions as they may be mutually agreed upon. The Group is required to pay security deposit and advanced rental equivalent to one (1) month' rent amounting to 923. These shall be applied to last one (1) month's rent and unpaid bills, or refunded upon termination of lease contract

Rental security deposits amounted to $1,198,082 and $1,235,609 as of March 31, 2022 and December 31, 2021, respectively, as disclosed in Note 7.

As of March 31, 2022 and December 31, 2021 , the Group's ROU asset amounted to 520,891 and 556,290 respectively, as disclosed in Note 12.

Lease Liabilities
Lease liabilities are presented in the consolidated statements of financial position as follows:

	March 2022 (Unaudited)	March 31 2021 (Reviewed)
Current - Note 17	$ 406,572	$ 272,568
Non-current - Note 17	144,003	162,983
Balances	$ 550,575	$ 435,551

23. **Salaries and Wages and Employees' Benefits**

	For the Three months ended March 31 (Unaudited) 2022	(Reviewed) 2021
Salaries and Wages	$ 1,851,329	$ 3,160,654.00
Other Employees benefits	1,525,295	203,777.00
Retirement costs - Note 24	166,274	79,701.00
	$ 3,542,897	$ 3,444,132

Other employees' benefits consist of allowances and mandatory contributions.

24. **Retirement Benefit Obligation**

24.01.01Defined Benefit Plans

CEC has a funded, noncontributory defined benefit retirement plan administered by the Board of Directors while CATS - Philippine Branch has an unfunded and non-contributory defined benefit retirement plan, with both entities covering all regular employees. Retirement benefits costs are determined in accordance with an actuarial study and are based on the employees' years of service and monthly basic salary. CEIC has not established a retirement plan while the Parent Company and RBWRP have no employees.

Under the existing regulatory framework, R.A. No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

CEC has an agreement with an insurance company to fund the retirement benefits of its employees. CEC believes that the insurance coverage qualifies as plan assets because the proceeds of the policy can be used only to pay or fund the retirement benefits. As of March 31, 2022 and December 31, 2021, the asset mix is a combination of 34% long-term investments, composed of government securities and corporate bonds, 62% investments in quoted equity securities and 4% short-term investments, composed of short-term placements and others.

Defined Contribution Plans
Quintel USA has a retirement savings plan under Section 401(k) of the United States Internal Revenue Code. Employees are eligible to participate in the plan after completing three months of service. Quintel USA makes a matching contribution of 100% of each employee's contributions up to 4% of such employee's compensation.

Quintel Technology, Ltd. has a defined contribution plan covering substantially all UK employees.

24.01.02 Retirement benefit costs

Below are the summarized components of retirement benefit costs recognized in consolidated statements of comprehensive income:

	March 31, 2022		
	CEC	**CATS – Philippine Branch**	**Total**
Present value of defined benefit obligation	**$3,903,589**		**$3,903,589**
Fair value	**(1,185,811)**		**(1,185,811)**
	$2,716,778		**$2,716,778**

	December 31, 2021		
	CEC	CATS – Philippine Branch	Total
Present value of defined benefit obligation	$3,702,031		$3,702,031
Fair value	(1,104,757)		(1,104,757)
	$2,597,274		2,597,274

25. **Other Income (Charges)-** Net

	For the Three months ended March 31 (Unaudited) 2022	(Reviewed) 2021
Foreign exchange gains (losses)- net	$ (359,162)	163,903
Others - net	435,074	18,495
	$ 96,316	$ 182,398

26. **Income Taxes**

CEC
On March 24, 1998, the Philippine Economic Zone Authority (PEZA) approved CEC's registration as an ecozone export enterprise at the Laguna Technopark for the manufacture of standard integrated circuits, discrete, hybrid and potential new packages.

Beginning October 30, 2002, the manufacture and export of integrated circuits, discrete and hybrid transferred to PEZA from Board of Investments (where originally registered) and became subject to the 5% gross income tax incentive, as defined under R.A. No. 7916, the law creating the PEZA.

CATS - Philippine Branch
CATS-Philippine Branch was registered with PEZA as an Ecozone Export Enterprise to engage in the manufacture, fabrication and design of millimeter wave components and subsystems in a special economic zone to be known as the Carmelray Industrial Park I - Special Economic Zone (CIP I-SEZ) and Laguna Technopark in accordance with the project study, representations, commitments and proposals set forth in its application forming integral parts, subject to the terms and conditions provided in its registration.

As a PEZA-registered entities, CEC and CATS - Philippine Branch are entitled to tax incentives equivalent to 5% of the gross income earned on its registered activities after the income tax holiday (ITH) of four years.

	For the Three months ended March 31 (Unaudited) 2022	(Reviewed) 2021
Current	$ 96,643	$ 86,249.00
Deferred	-	(55,809)
	$ 96,643	$ 30,440

The provision for current income tax for the three months ended March 31, 2022 and 2021 pertains to the special rate of 5% on taxable gross income of CEC and CATS - Philippine Branch.

Based on the National Internal Revenue Code Sec. 27, MCIT of two percent (2%) of the gross income as of the end of taxable year is imposed on corporation beginning on the fourth taxable year immediately following the year in which such corporation started its commercial operation when the MCIT is greater than the regular corporate income computed for the taxable year. The Parent Company is subject to MCIT beginning 2015.

Changes in Legislation

United States of America (U.S.)
The Group is subject to income taxes in the U.S. owing to Quintel USA.

The Tax Act was enacted on December 22, 2017 and introduces significant changes to U.S. income tax law. Effective in 2018, the Tax Act reduces the U.S. statutory tax rate from 35% to 21% and creates new taxes on certain foreign-sourced earnings and certain related-party payments, which are referred to as the global intangible low-taxed income tax and the base erosion tax, respectively.

Due to the timing of the enactment and the complexity involved in applying the provisions of the Tax Act, Quintel has made reasonable estimates of the effects and recorded provisional amounts in the consolidated financial statements for the year ended December 31, 2017. As Quintel collects and prepares necessary data, and interpret any additional guidance issued by the U.S. Treasury Department, the IRS or other standard-setting bodies, Quintel may make adjustments to the provisional amounts. Those adjustments may materially impact the provision for income taxes and the effective tax rate in the period in which the adjustments are made. The accounting for the tax effects of the enactment of the Tax Act will be completed in 2018.

Philippines
Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the reporting date. Although the TRAIN changes existing tax laws and includes several provisions that will generally affect businesses on a prospective basis, management assessed that the same will not have any significant impact on the consolidated financial statement balances as of balance sheet date.

27. Earnings Per Share (EPS)

The following table presents information necessary to calculate EPS on net income.

		For the Three months ended March 31	
		(Unaudited)	(Reviewed)
		2022	**2021**
Net income attributable to common shareholders of Parent Company*	$	**1,774,125**	3,613,428
Weighted average number of common shares outstanding		**668,505,825**	419,063,353
Basic and diluted EPS	$	**0.00265**	**0.0086**

**Net of dividends declared on preferred A, preferred B-1, preferred B-2, preferred B-2B shares for the months ended March 31, 2022 totaling to $2,224,079*
and on preferred A, preferred B-1 and preferred B-2 for the months ended March 31, 2021 totaling to $1,299,995

As of March 31, 2022 and December 31, 2021, the Parent Company has no potential dilutive common shares.

The weighted average number of common shares outstanding used in the calculation of EPS is based on the outstanding shares of the Parent Company. The additional shares from stock dividends during the period, including the unissued stock dividends and stock dividends declared after the reporting period but before the approval of the financial statements, were reflected in the calculation of the EPS as if these shares have been issued in all earlier periods presented.

28. **Fair Value**

As of March 31, 2022 and December 31, 2021, the carrying values of the Group's financial assets and liabilities, excluding AFS financial asset carried at cost because its fair value cannot be reliably measured, are equal to or approximate their respective fair value.

Cash and cash equivalents, trade and other receivables, loans to employees, trade and other payables, short-term loans, dividend payable, amounts owed by and owed to related parties and deposits

The carrying amounts approximate fair value since these are mostly short-term in nature or due and demandable.

Financial assets at FVTPL-UITF
The investments in Unit Investment Trust Fund classified as financial asset at FVTPL are stated at their fair value based on lowest level input (Level 2).

Investment properties
The fair value of the investment properties is determined by a Philippine SEC-accredited independent appraiser using the market data approach, a method of comparing recent sales and sales offerings of similar properties located in the surrounding area, adjusted for time, size, location and other relevant factors.

HTM investments/Other financial statements at amortized cost
The fair value of HTM investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date or last trading day as applicable (Level 1).

Miscellaneous deposits and loans to employees
The miscellaneous deposits are carried at cost since the timing and related amounts of future cash flows cannot be reasonably and reliably estimated for purposes of establishing its fair value using an alternative valuation technique.

Long-term debt
The fair value of long-term debt is based on the discounted value of future cash flows using the applicable rates for similar types of loans. Discounts rates used range from 4.19% to 6.37% and 4.19% to 4.29% in 2018 and 2017, respectively (Level 3).

Fair Value Hierarchy

	March 31, 2022 (Unaudited)			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value				
Financial assets at FVPL	-	–	-	-
Financial assets and liabilities measured at amortized cost but for which fair values are disclosed				
HTM investments	-	-	–	–
Long-term debt	**$49,028,752**	–	–	**$49,028,752**

	December 31, 2021 (Audited)			
	Total	Level 1	Level 2	Level 3
Financial asset measured at fair value				
Financial asset at FVPL	$ 568	–	568	–
Investment properties		–		–
Financial asset and liability measured at amortized cost but for which fair values are disclosed				
HTM investments	478,876	478,876	–	–
Long-term debt	$50,228,752	–	–	$50,228,752

As at March 31, 2022 and December 31, 2021, there were no transfers between Level 1 and 2 fair value measurements.

29. **Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise of cash and cash equivalents, short term loans and long-term debt. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial instruments such as trade and other receivables, amounts owed by related parties, rental and security deposits and loans to employees (presented as part of other current assets), HTM investments, miscellaneous deposits (presented under other noncurrent assets), trade and other payables, and amounts owed to related parties, which generally arise directly from its operations, as well as financial assets at FVPL and AFS financial assets.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

The main risks arising from the financial instruments of the Group are credit risk, liquidity risk and foreign currency risk. The Group's management reviews and approves policies for managing each of these risks and they are summarized below.

Credit risk

Credit risk is the risk that the Group will incur a loss because its customers or counterparties failed to discharge their contractual obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For cash in bank and cash equivalents, other receivables, amounts owed by related parties, rental deposits, and loans to employees and miscellaneous deposits, the Group applies the low credit risk simplification where the Group measures the ECLs on a 12-month basis based on the probability of default and loss given default which are publicly available. The Group also evaluates the credit rating of the bank and other counterparties to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers its cash in banks and cash equivalents as high grade since these are placed in financial institutions of high credit standing. For other receivables, amounts owed by related parties various deposits, loans to employees, the Group considers this as high to medium grade as the counterparties are of high credit standing. Accordingly, ECLs relating to these debt instruments rounds to nil.

For trade receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Group relies on a broad range of forwardlooking information as economic inputs, such as:

- Gross domestic products
- Inflation rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Based on the Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

On the other hand, the Group considers its amounts owed by related parties as medium grade due to assured collectability through information from the related parties' sources of funding. No ECLs relating to these debt instruments was recognized.

The aging per class of financial assets and expected credit loss as of March 31, 2022 and December 31, 2021:

March 31, 2022 (Unaudited):

	12-Month ECL	Lifetime ECL Not Crefit Impaired	Lifetime ECL Not Crefit Impaired	Simplified Approach	Total
Amortized cost					-
Cash and cash equivalents	11,479,405				**11,479,405**
Trade and other receivables			741,012	65,760,276	**66,501,288**
Amounts owed by related parties	191,569				**191,569**
Other current assets:					-
Rental deposits	1,235,609				**1,235,609**
Loans to employees	797,687				**797,687**
Security deposits	179,809				**179,809**
Other financial assets at					-
amotized cost	478,849				**478,849**
Other noncurrent assets:					
Miscellaneous deposits	177,909				**177,909**
Others	28,504				**28,504**
	$ 14,569,341	**$ -**	**$ 741,012**	**$ 65,760,276**	**$ 81,070,629**

**Excluding cash on hand amounting to 257.*

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of March 31, 2022 (Reviewed)

	Trade receivables and other receivables Days past due						
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Impaired Financial Assets**	**Total**
Expected credit loss rate	**0%**	**0%**	**0%**	**0%**	**0%**	**42.34%**	**1.11%**
Estimated total gross							
carrying amount at default	**$ 20,894,736**	**$ 23,825,830**	**$ 15,529,347**	**$ 2,254,954**	**$ 2,246,205**	**$ 1,750,216**	**$ 66,501,288**
Expected credit loss	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 741,012**	**$ 741,012**

December 31, 2021 (Audited)

	12-Month ECL	Lifetime ECL Not Crefit Impaired	Lifetime ECL Not Crefit Impaired	Simplified Approach	Total
Amortized cost					-
Cash and cash equivalents	71,414,987				71,414,987
Trade and other receivables			741,012	61,392,329	62,133,341
Amounts owed by related parties	191,570				191,570
Other current assets:					-
Rental deposits	1,235,609				1,235,609
Loans to employees	619,406				619,406
Security deposits	179,809				179,809
Other financial assets at					-
amortized cost	498,738				498,738
Other noncurrent assets:					-
Miscellaneous deposits	177,909				177,909
	$ 74,318,028	$ -	$ 741,012	$ 61,541,025	$ 136,451,369

**Excluding cash on hand amounting to 253.*

Set out below is the information about the credit risk exposures of the Group's financial assets using a provision matrix as of December 31, 2021

	Current	<30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Total
Expected credit loss rate	0%	0%	0%	0%	0%	15.05%	1.29%
Estimated total gross carrying amount at default	$ 12,132,214	23,910,183	13,467,407	1,907,561	1,054,0540	4,924,372	57,395,791
Expected credit loss	$ -	$ -	$ -	$ -	$ -	$ 741,012	$ 741,012

Expected credit loss rate on the Group's cash on hand and cash equivalents approaches zero.

March 31, 2022 (Unaudited)

	Current	Past due but not impaired <30 days	30-60 days	61-90 days	>91 days	ECL	Total
Cash and cash equivalents	$ 11,479,405	$ -	$ -	$ -	$ -	$ -	$ 11,479,405
Trade and other receivables	20,894,736	23,825,830	15,529,347	2,254,954	3,996,421	(741,012)	65,760,276
Amounts owed by related partie	191,569						191,569
Other current assets:							
Financial asset at FVTPL	568						568
Rental deposits	1,235,609						1,235,609
Loans to employees	797,687						797,687
Security deposits	179,809						179,809
Other financial assets at							-
amotized cost	478,849						478,849
Other noncurrent assets:							
Miscellaneous deposits	177,909						177,909
Others	28,504						28,504
	$ 35,464,645	$ 23,825,830	$ 15,529,347	$ 2,254,954	$ 3,996,421	$ (741,012)	$ 80,330,185

**Excluding cash on hand amounting to 257*

December 31, 2021 (Audited)

	Current	Past due but not impaired <30 days	30-60 days	61-90 days	>91 days	Impaired Financial Assets	Total
Cash and cash equivalents	$ 71,414,987						$ 71,414,987
Trade and other receivables	$ 20,894,736	$ 19,457,883	$ 15,529,347	$ 2,254,954	$ 3,996,421	$ (741,012)	$ 61,392,329
Amounts owed by related parties	$ 191,569						$ 191,569
Other current assets:							$ -
Financial asset at FVTPL	$ 568						$ 568
Rental deposits	$ 1,235,609						$ 1,220,658
Loans to employees	$ 619,406						$ 619,406
Security deposits	$ 179,809						$ 179,809
Other financial assets at							$ -
amortized cost	$ 498,738						$ 498,738
Other noncurrent assets:							$ -
	$						$
Miscellaneous deposits	$ 177,909						$ 177,909
Others	$ 8,372						$ 8,372
	$ 1,421,890	$ 19,457,883	$ 15,529,347	$ 2,254,954	$ 3,996,421	$ (741,012)	$ 135,704,345

**Excluding cash on hand amounting to 253.*

The tables below summarize the credit quality per class of the Group's financial assets that are neither past due nor impaired:

March 31, 2022 (Unaudited)

**Excluding cash on hand amounting to 257.*

December 31, 2021 (Audited)

		Neither Past due nor Impared						
		High Grade		**Medium Grade**		**Low Grade**		**Total**
Cash and cash equivalents	$	71,415,234	$	-	$	-	$	71,415,234
Trade and other receivables	$	20,894,736	$	-	$	-	$	20,894,736
Amounts owed by related parties			$	191,569	$	-	$	191,569
Other current assets:					$	-	$	-
Financial asset at FVTPL	$	568					$	568
Rental deposits	$	1,220,658	$	-	$	-	$	1,220,658
Loans to employees	$	619,406	$	-	$	-	$	619,406
Security deposits	$	179,809	$	-	$	-	$	179,809
Other financial assets at							$	-
amotized cost	$	478,876	$	-	$	-	$	478,876
Other noncurrent assets:							$	-
Loans to employees	$	4,862,663	$	-	$	-	$	4,862,663
Miscellaneous deposits	$	177,909	$	-	$	-	$	177,909
Others	$	8,372	$	-	$	-	$	8,372
	$	51,902,762	$	193,592	$	-	$	52,096,354

**Excluding cash amounting to 253.*

High grade - These are receivables which have a high probability of collection (the counterparty has the apparent ability to satisfy its obligation and the security on the receivables are readily enforceable).

Medium grade - These are receivables where collections are probable due to the reputation and the financial ability of the counterparty to pay and that have history of sliding beyond the credit terms but pay within 60 days.

Low grade - These are receivables where the counterparty's capability of honoring its financial obligation is doubtful.

Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties in raising funds to meet commitments from financial instruments. Liquidity risk may result from a counterparty's failure on repayment of a contractual obligation or inability to generate cash inflows as anticipated.

The Group maintains sufficient cash to finance its operations and major capital expenditures and satisfy its maturing obligations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

The tables below summarize the maturity analysis of the Group's financial assets used for liquidity management and financial liabilities based on contractual undiscounted payments:

March 31, 2022
(Unaudited)

		On Demand		Less than 1 year		1-2 years		>2 to 5 years		Total
Financial Assets										
Cash and cash equivalents	$	**11,479,662**		-		-		-		**11,479,662**
Trade and other receivables		**20,894,736**		**44,865,540**		-		-		**65,760,276**
Due from related parties		**191,569**		-		-		-		**191,569**
Other current assets:		**32,565,967**		**44,865,540**		**-**		**-**		**77,431,507**
Financial Liabilities										**-**
Trade payables		13,381,772		-		-		-		**13,381,772**
Accued expenses		-		4,571,409		-		-		**4,571,409**
Short term loans		-		51,793,606		-		-		**51,793,606**
Due to related parties		622,709		-		-		-		**622,709**
Dividends payable		126,955		-		-		-		**126,955**
Long term debts		-		5,491,810		18,536,942		27,600,000		51,628,752
	$	**14,131,436**	**$**	**61,856,825**	**$**	**18,536,942**	**$**	**27,600,000**	**$**	**122,125,203**

**Excluding statutory liabilities*
***Includes future interest payments*

December 31, 2021 (Audited)

		On Demand		Less than 1 year		1-2 years		>2 to 5 years		Total
Financial Assets										
Cash and cash equivalents		71,415,235								**71,415,234**
Trade and other receivables				61,392,329						**61,392,329**
Due from related parties		191,570								**191,570**
Other current assets:		**71,606,804**		**65,392,329**		**-**		**-**		**132,999,133**
Financial Liabilities										
Trade payables				17,268,313						**17,268,313**
Accrued expenses				3,419,789						**3,419,789**
Short term loans				41,460,364						**41,460,364**
Due to related parties		626,327								**626,327**
Dividends payable		126,955								**126,955**
Long term debts				17,391,810		18,536,942		27,600,000		**63,528,752**
	$	**753,282**	**$**	**79,540,276**	**$**	**18,536,942**	**$**	**27,600,000**	**$**	**126,430,500**

**Includes future interest payments*

Foreign currency risk

The Group uses the US dollar as its functional currency and is therefore exposed to foreign exchange movements, primarily in Philippine Peso currency. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecast on all other exposures in non-US dollar currencies.

<u>Capital Management</u>
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure, which pertains to its equity as shown in the balance sheet, and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes in 2022 and 2021.

The Company considers the following as capital:

		March 2022 (Unaudited)		March 31 2021 (Reviewed)
Common stock	$	14,562,067	$	9,594,321
Preferred stock		3,925,528		3,032,140
Stock Warrants		6,458,070		
Additional paid-in-capital		179,726,321		120,053,514
Equity reserve		4,030,214		4,030,214
Other comprehensive income(loss)		3,032,298		1,464,858
Retained Earnings		4,825,598		30,457,904
Parent company shares held by a subsidiary		(35,202)		(24,777,433)
	$	216,524,894	$	143,855,518

As of March 31, 2022 and December 31, 2021, the Group is subject to quantitative loan covenants and financial ratios on its long-term debts.

As of March 31, 2022 and December 31, 2021, the Group was able to meet its capital requirements and management objectives.

30. Equity

a. Common Shares

	March 31, 2022 (Reviewed)	December 31,2021 (Audited)
Number of shares		
Authorized - common shares (₱1.00 par value)	**1,200,000,000**	520,000,000
Issued		
Beginning and end of year	**668,505,825**	419,063,353
Amount		
Issued – 668,505,825 shares	**$ 668,505,825**	14,562,067

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 to ₱47.3 million (1.1 million), which was charged against “Additional paid-in capital” in the 2011 consolidated balance sheets. As of December 31, 2011, the Parent Company’s 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 as 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 (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 (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 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 ₱20 per share for a total amount of 34.2 million. The Parent Company incurred transactions costs incidental to FOO amounting to 1.2 million which was charged against "Additional paid-in capital" in the 2015 consolidated balance sheet.

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 per share and 400,000,000 preferred shares with a par value of ₱0.10 per share ("Preferred A" shares), to ₱860,000,000 divided into 520,000,000 common shares with a par value of ₱1.00 per share and 700,000,000 preferred shares classified into "Preferred A shares" with a par value of ₱0.10 per share, and ₱270,000,000 worth of new preferred shares classified into "Preferred B shares" with par value ₱1.00 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 Corporation. To date the shareholders have not approved and ratified the said declaration.

On May 26, 2017, 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, 2017, did not include increase on authorized capital stock on common shares.

On July 18, 2018, 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 ₱160,000,000 by increasing the authorized: (i) common stock by ₱120,000,000; and (ii) preferred A stock by ₱40,000,000. Furthermore, the par value of the common shares was reduced from ₱1.00 to ₱0.50 per share.

On September 7, 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.

As of December 31, 2018, the Parent Company's BOD is in the process of filing applications and documents as may be necessary to amend the articles of incorporation and to implement and give effect to the foregoing resolution.

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.
5. 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.

During the Rights Offer Period from 12 July 2021 to 23 July 2021, a total of 249,442,472 Common Shares were sold by way of Stocks Rights Offering (“SRO”) at an offer price of Php 5.50 per Entitlement Right at the ratio of 1 Entitlement Right for every 1.68 common shares (“Offer Shares”) to eligible shareholders of record as of 7 July 2021.

In addition to the Entitlement Rights of 249,442,472 Common Shares of the Company, TECH shall be issuing 249,442,472 Bonus Detachable Warrants. The Bonus Detachable Warrants shall be issued free of charge to the investor (hence, the term “Bonus”) and shall be issued as part of the subscription to the Entitlement Rights.The Exercise Price for the Bonus Detachable Warrant is Php 5.50.

As of 10 August 2021, the Securities and Exchange Commission (‘SEC’) approved the Increase of the authorized capital stock by Eight Hundred Forty Million Pesos (Php840,000,000.00) by increasing the (i) authorized Common Stock of the Corporation by Six Hundred Eighty Million Pesos (Php680,000,000) or from Five Hundred Twenty Million Pesos (Php520,000,000) divided into Five Hundred Twenty Million (520,000,000) Common Shares at One Peso (Php1.00) per share to One Billion Two Hundred Million Pesos (Php1,200,000,000.00) divided into One Billion Two Hundred Million (1,200,000,000) Common Shares at One Peso (Php1.00) per share; and (ii) authorized Preferred B Stock by One Hundred Sixty Million Pesos (Php160,000,000) or from Two Hundred Seventy Million Pesos (Php270,000,000) divided into Two Hundred Seventy Million (270,000,000) Preferred B Shares at One Peso (Php1.00) per share to Four Hundred Thirty Million Pesos (Php430,000.00) divided into Four Hundred Thirty Million (430,000,000) Preferred B Shares at One Peso (Php1.00) per share

As of March 31, 2022 and December 31, 2021, the Parent Company has a total number of 26 and 25 stockholders, respectively.

Parent Company Shares Held by a Subsidiary

On December 23, 2016, CEC acquired a total of 102,018,659 common shares of the Parent Company for ₱2.3 billion (49.7 million). The shares purchased were recorded at cost and deducted from equity in the consolidated balance sheet.

In 2017, CEC sold 85,099,869 common shares for $42.4 million. The difference between the proceeds from the sale of shares held by CEC and the cost of these shares amounting to 0.1 million was offset against “Equity reserve” account.

The 2017 consolidated financial statements of the Group were restated to correct the transaction related to the disposals of Group shares held by a subsidiary, which were recognized under “due from related parties account. Management inadvertently included the disposals of shares held by Camerton, its immediate Group, amounting to $4.5 million (equivalent to 11,872,668 shares)

As a result, the following financial statement line items have been restated as follows:

		December 31, 2017
Consolidated statement of financial position:		
Increase in due from related parties	$	(4,518,053)

Decrease in Group shares held by a subsidiary		4,518,053
Consolidated statement of changes in equity:		
Sale by subsidiary of Parent Company's shares held by a subsidiary	$	4,518,053

The restatement did not have impact on the 2017 consolidated statement of cash flows and consolidated statement of comprehensive income, except for the impact on earnings per share. As of December 31, 2017, prior to restatement, the earnings per share amounted to $0.007. After restatement, earnings per share amounted to $0.008.

In 2018, CEC acquired additional 32,152,644 Group shares for P1.2 billion ($19,795,320).

In 2019, CEC acquired parent company shares amounting to $940,448.

In 2020, CEC sold parent company shares amounting to $2,966,636.

As of March 31, 2022 and December 31, 2021, the carrying value of Group shares held by a subsidiary amounted to $23,954,592 and $35,865 respectively.

b. Preferred Shares

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Number of shares		
Authorized		
Preferred shares A (₱0.10 par value)	**700,000,000**	700,000,000
Preferred shares B-1 (₱1.00 par value)	**70,000,000**	70,000,000
Preferred shares B-2 (₱1.00 par value)	**360,000,000**	360,000,000
Issued and Subscribed		
Preferred A shares	**700,000,000**	700,000,000
Preferred B-1 shares	**70,000,000**	70,000,000
Preferred B-2 shares	**67,000,000**	67,000,000
Preferred B-2B shares	**20,000,000**	20,000,000
Preferred B-2C shares	**16,936,400**	
Preferred B-2D shares	**28,625,500**	
Amount		
Preferred A shares - (net of subscriptions receivable amounting to 525,062 as of March 31, 2018 and December 31, 2018)	**$ 946,863**	$ 946,863
Preferred B-1 shares - (net of subscriptions March 31, 2018)	**$342,399**	$342,399
Preferred B-2shares	**$1,326,733**	$1,326,733
Preferred B-2Bshares	**$416,145**	$416,145
Preferred B-2C shares	**$332,093**	
Preferred B-2D shares	**$561,295**	

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 Company's articles of incorporation to increase the 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 into 520,000,000 common shares with par value of ₱1.00 per share; and
ii. ₱40,000,000 worth of preferred shares divided into 40,000,000 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 in to 520,000,000 common shares with par value of ₱1.00 per share;
ii. ₱70,000,000worth 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 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 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 B-2 shares shall be paid before any cash dividends are paid to holders of common 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 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 BOD shall determine;
e. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Parent Company, the holders of preferred B-1 shares and preferred B-2 shares that are outstanding at that time shall enjoy preference in the payment in full or, if the remaining assets of the Parent Company are insufficient, on a pro-rata basis as among all holders of outstanding preferred B-1 shares and preferred B-2 shares, of the issue price of their

shares plus any previously declared and unpaid dividends before any asset of the Parent Company is paid or distributed to the holders of other classes of shares.

On October 23, 2017 and November 9, 2017, the Parent Company BOD approved the following features, rights and privileges of preferred B-1 shares:

a. Non-voting;
b. Preferred, cumulative, non-participating, non-convertible;
c. Entitled to cash dividends of up to 6.125% of the issue price per year, with no participation in further cash dividends which may be declared and paid to the common shares, and with no entitlement to any stock or property dividends;
d. As and if approved by the Parent Company 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 BOD shall determine; provided that management may grant up to 3% step-up rate on the cash dividends if the Parent Company is unable to redeem the preferred B-1 shares on the 5th anniversary of their issuance;
e. In the event of change in control event where any person or persons acting in concert or any third person or persons acting on behalf of such person(s) at any time acquire(s) directly or indirectly a controlling participation in the Parent Company pursuant to the Philippine Laws, the dividend rate shall be increased by 4% commencing and including the day falling 180 days after the day on which a change in control event has occurred;
f. In the event of liquidation, dissolution, bankruptcy, or winding up of the affairs of the Parent Company, the holders of preferred B-1 shares that are outstanding at that time shall enjoy preference in the payment in full or, if the remaining assets of the Parent Company are insufficient, on a pro-rata basis as among all holders of outstanding preferred B-1 shares and preferred B-2 shares, of the issue price of their shares plus any previously declared and unpaid dividends before any asset of the Parent Company is paid or distributed to the holders of other classes of shares; and
g. Holders of preferred B-1 shares shall have no pre-emptive rights to subscribe to any class of shares (including, without limitation, treasury shares) that will be issued or sold by the issuer.

On November 8, 2017, the PSE BOD approved the public offering of up to 200,000,000 preferred B-2 shares. A total of 140,000,000 preferred B-2 shares were offered to the public during the offer period.

On November 29, 2017, the Parent Company's public offering was completed. The Parent Company issued 67,000,000 preferred B-2shares with par value of ₱1.00 at issue price of 1.00 per share for a total amount of 67.0 million. The Parent Company recognized preferred stock and additional paid-in capital stock amounting to 1.3 million and 65.7 million, respectively. The Parent Company incurred transaction costs incidental to FOO amounting to 1.1 million which was charged against "Additional paid-in capital" in 2017 consolidated balance sheet. As of December 31, 2017, unpaid stock issue costs amounted to 324,866 recorded under "Accrued expenses and other payables" account.

On December 8, 2017, the Parent Company listed with the PSE its 67,000,000 preferred B-2 shares.

On July 18, 2018, 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 ₱160,000,000 by increasing the authorized: (i) common stock by ₱120,000,000; and (ii) preferred A stock 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 the preferred A shares was 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 per share.

On September 7, 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 determine and fix the terms and conditions of preferred C shares.

On December 13, 2018, Camerton, Inc. paid 25% of the total additional subscription to preferred A shares amounting to ₱10,000,000. This amount was recorded as deposit for future stock subscription as of December 31, 2018.

As of December 31, 2018, the Parent Company's BOD is in the process of filing applications and documents as may be necessary to amend the articles of incorporation and to implement and give effect to the foregoing resolution.

As of December 31, 2019 and December 31, 2018, the Parent Company has unrecognized dividends on cumulative preferred B-1 and B-2 shares totaling to 0.1 million and 0.3 million, respectively.

c. Retained Earnings

On January 28, 2016, the Parent Company's BOD approved the declaration of cash dividends of 0.0050 per share for each of 419,063,353 fully paid and issued common shares and 0.000021 per share for each of the 400,000,000 outstanding preferred shares, amounting to an aggregate sum of 2,100,000, for payment and distribution on February 29, 2016 to shareholders of record of February 12, 2016. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

On June 9, 2016, the Parent Company's BOD approved the declaration of cash dividends of 0.00362 per share for each of 419,063,353 fully paid and issued common shares and 0.000001 per share for each of the 400,000,000 outstanding preferred shares, amounting to an aggregate sum of 1,520,000, for payment and distribution on July 7, 2016 to shareholders of record of June 23, 2016. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

On January 23, 2017 the Parent Company's BOD approved the declaration of cash dividends of 0.00432 per share for each of 419,063,353 fully paid and issued common shares and 0.000021 per share for each of the 400,000,000 outstanding preferred shares, amounting to an aggregate sum of 1,820,000, for payment and distribution on February 22, 2017 to shareholders of record of February 6, 2017. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

On September 15, 2017 the Parent Company's BOD approved the declaration of cash dividends of 0.004629 per share for each of 419,063,353 fully paid and issued common shares amounting to an aggregate sum of 1,940,000, for payment and distribution on October 6, 2017 to shareholders of record of September 29, 2017. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

Accumulated earnings of the subsidiaries are not yet available for dividend distribution to the

Parent Company's stockholders, unless received as cash dividends from the subsidiaries.
On February 2, 2018, the Parent Company's BOD approved the declaration of cash dividends of 0.004609 per share for each of 419,063,353 fully paid and issued common shares and 0.000012 per share for each of the 700,000,000 outstanding preferred A shares, amounting to an aggregate sum of 1,940,000, for payment and distribution on February 21, 2018 to shareholders of record of February 19, 2018. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

On February 27, 2018, the Parent Company's BOD approved the declaration of cash dividend of ₱0.015313 per share for each of the outstanding and issued preferred B-1 shares amounting to an aggregate sum of ₱1,071,875 (20,601), for payment and distribution on March 8, 2018 to shareholders of record as of March 6, 2018. This amount remained unpaid as of December 31, 2018.

On the same date, the Parent Company's BOD approved the declaration of cash dividend of 0.015313 per share for each of the 67,000,000 outstanding and issued preferred B-2 shares amounting to an aggregate sum of 1,025,938, for payment and distribution on March 8, 2018 to shareholders of record as of March 6, 2018.

On June 4, 2018, the Parent Company's BOD approved the declaration of cash dividend of 0.015313 per share for each of the 67,000,000 outstanding and issued preferred B-2 shares amounting to an aggregate sum of 1,025,938, for payment and distribution on the following dates:

(i) June 8, 2018 to shareholders of record as of June 6, 2018
(ii) September 10, 2018 to shareholders of record as of September 6, 2018
(iii) December 10, 2018 to shareholders of record as of December 6, 2018

The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

On September 3, 2018, the Parent Company's BOD approved the declaration of cash dividends of 0.0048 per share for each of 419,063,353 fully paid and issued common shares amounting to an aggregate sum of 2,000,000, for payment and distribution on September 24, 2018 to shareholders of record of September 18, 2018. The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

Retained earnings include undistributed earnings amounting to 21.5 million, 24.3 million and 24.4 million as of December 31, 2018, 2017 and 2016, respectively, representing accumulated earnings of subsidiaries, which are not available for dividend declaration until received in the form of dividends from the combining entities. Retained earnings available for dividend declaration as at December 31, 2018 amounted to $3.6 million.

Retained earnings are further restricted for the payment of dividends to the extent of the cost of the parent company shares held by a subsidiary, unrealized foreign exchange gains except those attributable to cash and cash equivalents, net fair value gain on investment properties, deferred income tax assets recognized that reduced the income tax expense and increased net income and retained earnings, and other unrealized gains or adjustments as of March 31, 2022 and December 31, 2021.

On January 30, 2019, the Group's BOD approved the declaration of cash dividend to its equity holders for payment and distribution on the following dates:

Date of Declaration	Record Date	Payment Date	Dividend Per share	Shares Outstanding	Total Dividends
January 30,2019					
Preferred B-2	Mar 6, 2019	Mar 6, 2019	0.015313	67,000,000	$1,025,937.50
Preferred B-2	June 6, 2019	June 6, 2019	0.015313	67,000,000	1,025,937.50
Preferred B-2	Sept 5, 2019	Sept 5, 2019	0.015313	67,000,000	1,025,937.50
Preferred B-2	Dec 5, 2019	Dec 5, 2019	0.015313	67,000,000	1,025,937.50
					$ 4,103,750.00

On May 24, 2019 the Group's BOD approved the declaration of cash dividends to its equity holders, for payment and distribution on the following dates:

Date of Declaration	Record Date	Payment Date	Dividend Per share	Shares Outstanding	Total Dividends
May 24,2019					
Common	June 11, 2019	June 28, 2019	0.002366	419,063,353	$991,462.99
Common	Nov 11, 2019	Nov 29, 2019	0.002386	419,063,353	1,000,000.00
Preferred A	June 10, 2019	June 28, 2019	0.000012	700,000,000	8,537.01
					$ 2,000,000.00

The cash dividend shall be paid in Philippine Peso at the BSP exchange rate one day prior to payment date.

In 2020, the Group's BOD approved the declaration of cash 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	$ 1,025,937.50
Preferred B-2	June 8, 2020	0.015313	67,000,000	1,025,937.50
Preferred B-2	September 8, 2020	0.015313	67,000,000	1,025,937.50
Preferred B-2	December 9, 2020	0.015313	67,000,000	1,025,937.50
				$4,103,750.00
March 06, 2020				
Preferred B-1	March 9, 2020	0.06125	70,000,000	$8,537
March 06, 2020				
Preferred - A	March 81, 2020	Php 0.000012196	700,000,000	Php 4,287,500 (or 89,280)
July 17, 2020				
Common	August 11, 2020	0.001199	419,063,353	$ 500,000

In 2021, the Group's BOD approved the declaration of cash dividends to its equity holders:

Date of Declaration	Date of Record	Dividend Per share	Shares Outstanding	Total Dividends
2021				
March 01, 2021				
Preferred - A	March 1, 2021	0.000012196	699,984,421	**$ 8,541**
Preferred B-1	March 1, 2021	1.011385	88,275	**$89,280**
Preferred B2-A	March 1, 2021	0.015313	66,997,812	**$ 1,025,938**
Preferred B2-B	March 1, 2021	0.015000	20,000,000	**$300,000**
June 01, 2021				
Preferred B2-A	June 1, 2021	0.015313	66,997,812	**$ 1,025,938**
Preferred B2-B	March 1, 2021	0.015000	20,000,000	**$ 300,000**
September 01, 2021				
Preferred B2-A	September 1, 2021	0.015313	66,997,812	**$ 1,025,938**
Preferred B2-B	September 1, 2021	0.015000	20,000,000	**$ 300,000**
December 01, 2021				
Preferred B2-A	December 1, 2021	0.015313	66,997,812	**$1,025,938**
Preferred B2-B	December 1, 2021	0.015000	20,000,000	**$ 300,000**
				$5,401,573

Declaration of cash dividends on the following shares:

a. Preferred A Shares
The Board of Directors of Parent Company, in its regular meeting held on February 11, 2022, approved the Declaration of cash dividend of US$0.000012196 per share for each of the Seven Hundred Million (700,000,000) issued and outstanding Preferred A shares amounting to an aggregate sum of Eight Thousand Five Hundred Thirty-Seven Dollars and One Centavo (US$8,537.01), for payment and distribution on 8 March 2022 to shareholders of record as of March 1, 2022.
The cash dividend shall be paid in Philippine Pesos at the Bangko Sentral ng Pilipinas (“BSP”) exchange rate one day prior to payment date

b. Preferred B-1 Shares
The Board of Directors of Parent Company, in its regular meeting held on February 11, 2022, approved the 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 8 March 2022 to shareholders of record as of 1 March 2022.

c. Preferred B-2 Subseries A Shares (“Preferred B-2A Shares”):
The Board of Directors of Parent Company, in its regular meeting held on 11 February 2022, approved the 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) 8 March 2022 to shareholders of record as of 1 March 2022;
(ii) 8 June 2022 to shareholders of record as of 1 June 2022;
(iii) 8 September 2022 to shareholders of record as of 1 September 2022; and
(iv) 9 December 2022 to shareholders of record as of 1 December 2022.

d. Preferred B-2 Subseries B Shares ("Preferred B-2B Shares"):
The Board of Directors of Parent Company, in its regular meeting held on 11 February 2022, approved the 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) 18 March 2022 to shareholders of record as of 4 March 2022;
(ii) 17 June 2022 to shareholders of record as of 3 June 2022;
(iii) 20 September 2022 to shareholders of record as of 6 September 2022; and
(iv) 20 December 2022 to shareholders of record as of 6 December 2022."

The Board of Directors of TECH, in its special meeting held on 11 April 2022, approved the adjusted 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. 20 June 2022 to shareholders of record as of 3 June 2022;
ii. 19 September 2022 shareholders of record as of 6 September 2022; and
iii. 19 December 2022 shareholders of record as of 6 December 2022.
The Amendment was to reflect changes on the payment date on June, September and December 2022 to align in the Features, Terms and Conditions of the Preferred B-2 Subseries B Shares. Based on the Features, Terms and Conditions of the Preferred B-2 Subseries B Shares provide that the cash dividends shall be payable every March 18, June 18, September 18 and December 18 of each year (each, a "Dividend Payment Date"), being the last day of each 3-month period (each, a "Dividend Period") following the Listing Date last February 02,2021, provided that if the Dividend Payment Date is not a business day, dividends will be paid on the next succeeding business day, without adjustments as to the amount of dividends to be paid. The dividends on the Preferred B2-B Shares were calculated on a 30/360 day basis from the Listing Date for each Dividend Period. Considering that the dividend payments of Preferred B-2 Subseries B Shares must be paid on the next succeeding business day, as prescribed in the Features, Terms and Conditions, the management deemed it proper to adjust the dividend payment dates in order to comply with the Features, Terms and Conditions.

e. Preferred B-2 Subseries C Shares ("Preferred B-2C Shares"):
The Board of Directors of Parent Company, in its regular meeting held on 11 February 2022, Declaration of cash dividend of PhP 0.8233 per share for each of Sixteen Million Nine Hundred Thirty-Six Thousand Four Hundred (16,936,400) outstanding and issued Preferred B-2 Subseries C Shares amounting to an aggregate sum of Thirteen Million Nine Hundred Forty-Three Thousand Seven Hundred Thirty-Eight Pesos and Twelve Centavos (PhP 13,943,738.12) for each Dividend Period. Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates: (i) 14 March 2022 to shareholders of record as of 02 March 2022; (ii) 14 June 2022 to shareholders of record as of 30 May 2022; (iii) 14 September 2022 shareholders of record as of 30 August 2022; and (iv) 14 December 2022 shareholders of record as of 29 November 2022.

f. Preferred B-2 Subseries D Shares ("Preferred B-2D Shares"):
The Board of Directors of Parent Company, in its regular meeting held on 11 February 2022, Declaration of cash dividend of PhP 0.968825 per share for each of the Twenty Eight Million Six Hundred Twenty-Five Thousand and Five Hundred Pesos (28,625,500) outstanding and issued Preferred B-2 Subseries D Shares amounting to an aggregate sum of Twenty-Seven Million Seven Hundred Thirty Three Thousand One Hundred and Four Centavos (PhP 27,733,100.04) , for each Dividend Period.

Subject to the conditions for the declaration and payment of dividends and pursuant to the Terms and Conditions of the Offer, the schedule of the payment and distribution of the cash dividends provided above shall be made to the entitled shareholders on the following dates:
(i) 14 March 2022 to shareholders of record as of 02 March 2022;
(ii) 14 June 2022 to shareholders of record as of 30 May 2022;
(iii) 14 September 2022 shareholders of record as of 30 August 2022; and
(iv) 14 December 2022 shareholders of record as of 29 November 2022.

31. Dividends per share on common stock

	For the Three months ended March 31	
	(Unaudited)	(Reviewed)
	2022	2021
Dividends declared on Common shares	$ -	$ -
Weighted average number of common shares outstanding	**668,505,825**	419,063,353
Basic and diluted EPS	**$ -**	**$ -**

32. Discontinued Operations

In 2019, Cirtek Group decided to discontinue Quintel Technology, Ltd. (Quintel UK) in line with the Group's strategy to focus all its operations in the US market and bring down its operating costs. Consequently, Quintel UK operation including all its assets and liabilities were transferred to Quintel USA and manpower reduction was implemented.

By end of January 2019, management thru its legal counsel in the UK filed for liquidation of Quintel Technology, Ltd. wherein the final settlement with the liquidators and third party creditors was reached in April 2020, in the amount of GPB1.9 million or an equivalent to 2.5 million.

On July 4, 2019, Telecom Mauritius, Ltd. (Quintel Mauritius), sales administration office of Quintel group, has ceased its operations and registration in line with the Group's profit optimization strategy.

As a result of the liquidations of Quintel UK and Quintel Mauritius, assets and liabilities identified to these companies were classified as disposal group. Revenue and expenses, gains and losses relating to the discontinuation of this subgroup have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item in the statement of profit or loss.

A gain amounting to $13,730,086 was recognized in the discontinued operations. The amount is the sum of (1) $10,907,492 gain from the release of other net comprehensive income, (2) $3,599,742 of investment in subsidiary, and (3) $94,641 write-off of property, plant and equipment, and net of $871,789 additional expenses from the settlement.

The $10,907,492 million gain from the release of other comprehensive income pertains to cumulative foreign currency translation adjustment from translating the financial statements of Quintel UK and Quintel Mauritius to the presentation currency of Quintel Cayman, Ltd., its parent company. The $11 million resulted from multiple years effects of foreign exchange gain prior to acquisition in 2017. Prior to this consolidation, there was no movement in the OCI since acquisition on July 28, 2017.

In 2019, Quintel UK and Quintel Mauritius have no operations.

33. Commitments

The following are the significant commitments and contingencies involving the Group:

Outsourcing Manufacturing Agreement (OMA)
On July 30, 2014, CATS entered into an OMA (herein referred to as the “Agreement”) with REMEC in conjunction with the Share Purchase Agreement (SPA) entered into between CEIC and REMEC. CATS will perform manufacturing services to REMEC in accordance with the production files and specifications as provided in the Agreement. The contract term is for ten (10) years with automatic renewal of additional one (1) year period. All payments to CATS shall be made in US Dollars and shall be paid sixty (60) days after the receipt of the invoice.

Master Service Agreement (MSA)
CATS entered into an MSA with REMEC on July 30, 2014 where CATS will provide to REMEC the services of selected employees and consultants (or “Business Services”) of CATS. CATS shall be responsible for and shall timely pay any and all compensation and benefits payable to the employees of and consultants of CATS who perform Business Services. MSA has a ten (10) year term with automatic renewal of additional one year period.

34. Events After the Reporting Period

The Board of Directors of TECH, in its special meeting held on 11 April 2022, approved the following:

1. The Separate And Consolidated Audited Financial Statements (“AFS”) of the Corporation as of and for the Year Ended 31 December 2021;

2. The schedule of the 2022 Annual Stockholders’ Meeting (ASM) and setting of the Record Date of the Stockholders who are entitled to vote during the Annual Stockholders’ Meeting. The ASM for this year shall be on 27 May 2022 and the record date for such ASM is on 28 April 2022;

3. Adjustment of the Dividend Payment Dates In Relation to the declaration of Dividends of the Preferred B-2 Subseries B Shares of the Company for the dividend period in June, September, and December 2022.

The previously disclosed payment dates and distribution of cash dividends of the Preferred B-2B Shares shall be adjusted as follows:

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 adjusted 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. 20 June 2022 to shareholders of record as of 3 June 2022;

ii. 19 September 2022 shareholders of record as of 6 September 2022; and
iii. 19 December 2022 shareholders of record as of 6 December 2022.

The Amendment was to reflect changes on the payment date on June, September and December 2022 to align in the Features, Terms and Conditions of the Preferred B-2 Subseries B Shares. Based on the Features, Terms and Conditions of the Preferred B-2 Subseries B Shares provide that the cash dividends shall be payable every March 18, June 18, September 18 and December 18 of each year (each, a "Dividend Payment Date"), being the last day of each 3-month period (each, a "Dividend Period") following the Listing Date last February 02,2021, provided that if the Dividend Payment Date is not a business day, dividends will be paid on the next succeeding business day, without adjustments as to the amount of dividends to be paid.The dividends on the Preferred B2-B Shares were calculated on a 30/360 day basis from the Listing Date for each Dividend Period.
Considering that the dividend payments of Preferred B-2 Subseries B Shares must be paid on the next succeeding business day, as prescribed in the Features, Terms and Conditions, the management deemed it proper to adjust the dividend payment dates in order to comply with the Features, Terms and Conditions.
The Features, Terms and Conditions of the Preferred B-2 Subseries B Shares is provided in the disclosure below:
https://edge.pse.com.ph/openDiscViewer.do?edge_no=4ee29698ada485bb5d542af6f1e997b9

Results of Operations

The Com1pany's Consolidated Net Sales, Gross Profit, Net Income, EBITDA and EPS are provided in the following table:

	For the Three Months Ended March 31	
In US$ Thousands except EPS	**2022 (Unaudited)**	2021 (Reviewed)
NET SALES	**$19,758**	$22,745
COST OF SALES	**13,929**	16,109
GROSS PROFIT	**5,829**	6,636
NET INCOME	**1,774**	5,886
Basic/Diluted EPS	**0.003**	0.009
EBITDA	**5,520**	$6,665

For the three-month period ending March 31, 2022 compared to the three-month period ending March 31, 2021

Revenue

The Company achieved a consolidated revenue of US$19.8 million for the three months ending March 31, 2022, a decrease of 13% from US$22.7 million for the same period in 2021. The decrease accounted for was mainly due to the decrease in revenue from RF/MW/mmW and antenna manufacturing business.

Revenue contribution from Quintel for the three-month period ending March 31, 2022 amounted to US$4.1 million, a 23% decrease compared to US$5.3 million in the same period in 2021.

Revenues from the RF/MW/mmW and antenna manufacturing business before consolidation for the three months ending March 31, 2022 amounted to US$5.0 million, a 26% decrease compared to the US$6.8 million for same period in 2021.

Revenues from the semiconductor business amounted to US$10.64 million in 2022 compared to US$10.67 million for the same period in 2021, a 0.3% decrease.

Cost of Sales and Gross Margin

The Company's cost of sales (COS) is composed of: raw materials, spare parts, supplies; direct salaries, wages and employees' benefits; depreciation and amortization; utility expenses directly attributable to production, freight and duties; and others. The Company's cost of sales decreased by 14% to US$ 13.9 million for the three months ending March 31, 2022 from US$16.1 million for the same period in 2021.

The decrease was mainly due to:

- Raw materials, spare parts, supplies and other inventories used decreased by 21% to US$8 million for the three months ending March 31, 2022, from US$10.2 million for the same period in 2021.
- Depreciation and amortization decreased by 9% to US$ 1.6 million for the three months ending March 31, 2022, from US$1.7 million for the same period in 2021.
- Salaries, wages and employees' benefits decreased by 13% to US$ 2.3 million for the three months ending March 31, 2022, from US$2.7 million for the same period in 2021.

The Company's gross margin was 29% for the three months ending March 31, 2022 same as the gross margin recorded for the same period in 2021.

Operating Expenses

The Company's operating expenses for the three months ending March 31, 2022 amounted to US$3.1 million, 47% higher compared to the US$2.1 million recorded during the same period in 2021. The increase is due to:

- Salaries, wages and employees' benefits an increased by 60% to US$ 1.2 million for the three-months ending March 31, 2022, from US$762 thousand for the same period in 2021.
- Commissions an increased by 62% to US$ 194 thousand for the three-months ending March 31, 2022, from US$119 thousand for the same period in 2021.
- Professional fees increased by 16% to US$194 thousand for the three months ending March 31,2022, from US$168 thousand for the same period in 2021.
- Transportation and travel increased by 62% to US$36 thousand for the three months ending March 31, 2022 from US$22 thousand for the same period in 2021.
- Entertainment, amusement and recreation increased by 213% to US$33 thousand for the three months ending March 31, 2022 from US$10 thousand for the same period in 2021.
- Insurance premiums increased by 21% to US$27 thousand for the three months ending March 31, 2022 from US$23 thousand for the same period in 2021.
- Office supplies increased by 432% to US$34 thousand for the three months ending March 31, 2022 from US$6 thousand for the same period in 2021.

Income Before Income Tax

For the three months ending March 31, 2022, the Company recorded a net income before income tax of US$1.9 million, a decrease of 49% compared with US$ 3.6 million recorded for the same period in 2021.

Provision for / Benefit from Income Tax

Provision for income tax for the three months ending March 31, 2022 amounted to US$96 thousand compared with a provision for income tax of US$30 thousand for the same period in 2021.

Net Income After Tax

The Company’s net income after tax for the three months ending March 31, 2022 amounted to US$1.8 million, a decrease of 51% compared with US$3.6 million for the same period in 2021.

Total Comprehensive Income

The Company's total comprehensive income for the three months ending March 31, 2022 amounted to US$1.8 million, compared to US$ 5.9 million for the same period in 2021, a 70% decrease.

Financial Condition

For the three-month period ending March 31, 2022 compared to the period ending December 31, 2021

Assets

The Company’s cash and cash equivalent for the three months ending March 31, 2022 amounted to US$65.4 million, compared with US$71.4 million for the period ending December 31, 2021, a decrease of US$ 6.0 million or 8%.

Trade and other receivables for the three months ending March 31, 2022 amounted to US$60.5 million, compared with US$61.4 million for the period ending December 31, 2021, a 2% decrease.

Inventory levels for the three months ending March 31, 2022 amounted to US$58.8 million, slightly higher than the US$58.7 million for the period ending December 31, 2021.

Amounts owed by related parties for the three months ending March 31, 2022 amounted to US$299 thousand compared to US$192 thousand for the period ending December 31, 2021, a 56% increase.

Non-current assets, comprised of Available-for-sale (AFS) financial asset, HTM investments, property, plant and equipment (PPE), intangible assets, deferred income taxes and other noncurrent assets for the three months ending March 31, 2022 amounted to US$143.2 million compared with US$142.0million for the period ending December 31, 2021, an increase of 1%.

Liabilities

The Company’s current liabilities is comprised of trade and other payables, short-term loans, long-term debt – current portion, amounts owed to related parties, and income tax payable. For the three months ending March 31, 2022, current liabilities were at US$79.4 million, compared with US$83.9 million the period ending December 31, 2021, a decrease of 5%.

For the three months ending March 31, 2022, the Company’s non-current liabilities, comprised of long-term debt – net of current portion, retirement benefit obligation, and deferred income tax liability amounted to US$38.1 million compared with US$38.7 million for the period ending December 31, 2021, a 2% decrease.

Equity

The Company’s shareholders’ equity for the three months ending March 31, 2022 amounted to US$216.5 million compared with US$217.0 million for the period ending December 31, 2021.

Liquidity and Capital Resources

For the three months ending March 31, 2022, the Company's principal sources of liquidity were cash from sales of its products, bank credit facilities, proceeds from its corporate notes' issuances, and proceeds from its follow-on offering. The Company expects to meet its working capital, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from the proceeds of the Company's follow-on offering, proceeds of the Company's corporate notes issuances, short-term credit facilities and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

For the next 12 months, the Company plans to increase its production further by increasing volume deliveries to existing customers, entering into new production agreements, and expanding its customer base through new product introduction and aggressive sales and marketing activities.

The following table sets out the Company's cash flows for the three months ending March 31, 2022 and the same period in 2021.

In US$ Thousands	**For the three months ending March 31**	
	a. 2022	**b. 2021**
Net cash flows provided by/ (used for) operating activities	2,481	13,052
Net cash flows provided by/ (used for) investing activities	(4,901)	4,344
Net cash flows provided by/ (used for) financing activities	(3,676)	(46,927)
Net increase (decrease) in cash equivalents	(6,046)	(29,529)

Net Cash Flows from Operating Activities

Net cash outflow from used for operating activities was US$2.5 million for the three months ending March 31, 2022, compared with US$13.05 million for the same period in 2021.

For the three months ending March 31, 2022, net income before tax was US$1.9 million. After adjustments for depreciation, interest income/expense, operating net unrealized foreign exchange gains, income before hange in working capital was US$5.3 million. Changes in working capital, interest received and income taxes resulted in a net cash flow from operating activities of US$2.5 million.

Investing Activities

Net cash outflow from investing activities amounted to US($4.9) million for the three months ending March 31, 2022. Investing activities mainly involved increase in PPA and increase in non-current assets.

Financing Activities

Net cash flow used in from financing activities for the three months ending March 31, 2022 amounted to US($3.7) million. Major financing activities involved proceeds from availment of commercial paper, payment of cash dividends, payment of interest, payment of short-term and long-term loans, and net movement in amounts owed by and owed to related parties. For the same period in 2021 net cash flow financing activities amounted to US$ (46.9) million.

Material Changes to the Company's Unaudited Income Statement as of March 31, 2022 compared to the Reviewed Income Statement as of March 31, 2021 (increase/decrease of 5% or more)

-13% decrease in net sales
Sales decrease for the business segments: CEC,CATSI and Quintel

-12% decrease in Gross Profit
The decreased in GP is due to lower sales brought about by the decrease of revenue from Semiconductor business of 0.3%, decrease in revenues from the RF/MW/mmW of 26% and decrease in revenues from Quintel of 23%

- 49% decrease in Income Before income Tax
Lower sales and lower operating profit margins

-51% decrease in Net Income After Tax
Lower sales and lower operating profit margins

Material Changes to the Company's Unaudited Balance Sheet as of March 31, 2022 compared to the Audited Balance Sheet as of December 31, 2021 (increase/decrease of 5% or more)

-8% decrease in Cash and Cash Equivalent
Increase in working capital requirements, repayment of loans and payment of dividends for preferred shares

-2% decrease in Trade and Other Receivables – Net
Payment from certain major customers

-8% decrease in Short-term Loans
Payment of short-term credit

-26% Increase in Income Tax Payable
Increase in taxable income of CEC and CATSI mainly from sale of scrap

KEY PERFORMANCE INDICATORS

The Company's top five (5) key performance indicators are listed below:

Amounts in thousand US$, except ratios, and where indicated		**Full year 2020**	**Full year 2021**		**2022 Three months**
EBITDA		19,658	20,804		5,520
EBITDA Margin		29%	30%		28%
Sales Growth/(Decline)		(14%)	2%		(13%)
Current Ratio (x)		1.46x	2.36x		2.40x
Earnings per share (US$)		0.006	0.006		0.0007

Note:
**Earnings per Share was calculated using CHPC's average outstanding common shares for the years 2022 and 2021*
***Earning per share was calculated less dividends for preferred shares which has a fixed amount per quarter*

- *EBITDA and EBITDA Margin*

Earnings before interest, tax, depreciation and amortization (EBITDA) provides an indication of the rate of earnings growth achieved.

The EBITDA margin shows earnings before interest, tax, depreciation and amortization as a percentage of revenue. It is a measure of how efficiently revenue is converted into EBITDA.

EBITDA and EBITDA Margin are not measures of performance under PFRS, and investors should not consider EBITDA and EBITDA Margin in isolation or as alternatives to net income as an indicator of our Company's operating performance or to cash flow from operating, investing and financing activities as a measure of liquidity, or any other measures of performance under PFRS. Because there are various EBITDA and EBITDA Margin calculation methods, the Company's presentation of these measures may not be comparable to similarly titled measures used by other companies.
The following table sets out the Company's EBITDA after consolidation entries.

	For the years ended December 31		**For Three Months Ended March 31**
In US$ 000	**2020**	**2021**	**2022**
Net income	6,597	8,140	1,774
Add back:			
Interest expense/income-net	5,303	5,469	1,002
Provision for / Benefit from income tax	447	(105)	97
Depreciation and Amortization	7,311	7,301	2,647
EBITDA	**19,658**	**20,804**	**5,520**

The table sets forth a reconciliation of the Company's consolidated EBITDA to consolidated net income.

	For the years ended December 31		**For Three Months Ended March 31**
In US$ 000	**2020**	**2021**	**2022**
EBITDA	19,658	20,804	5,520
Deduct:			
Interest expense/income-net	(5,303)	(5,469)	(1,002)
Provision for / Benefit from income tax	(447)	(105)	(97)
Depreciation and amortization	(7,311)	(7,301)	(2,647)
Net Income	**6,597**	**8,140**	**1,774**

- *Sales growth*

  Sales growth is a key indicator of the Company's ability to grow the business

- *Current ratio*

  Current ratio measures a company's short-term liquidity, i.e. its ability to pay its debts that are due within the next 12 months. It is expressed as the ratio between current assets and current liabilities.

1. *Earnings per share*

   Earnings per share show the Company's attributable profit earned per common share. At constant outstanding number of shares, as the Company's earnings increase, the earnings per share correspondingly increase.

FINANCIAL RISK DISCLOSURE

The Company is not aware of any known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.

The Company is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including default or acceleration of any obligation.

The Company does not have any off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons created during the reporting period.

The Company has allocated up to US$ 8Million for capital expenditure for full year 2018, from the proceeds of the Company's Follow-on Offering and cash flows from operations. It may also from time to time seek other sources of funding, which may include debt or equity financings, including dollar and peso-denominated loans from Philippine banks, depending on its financing needs and market conditions.

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

The Company does not have any significant elements of income or loss that did not arise from its continuing operations.

The Company does not have any seasonal aspects that had a material effect on the financial conditions or results of operations.

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
INDEX TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022

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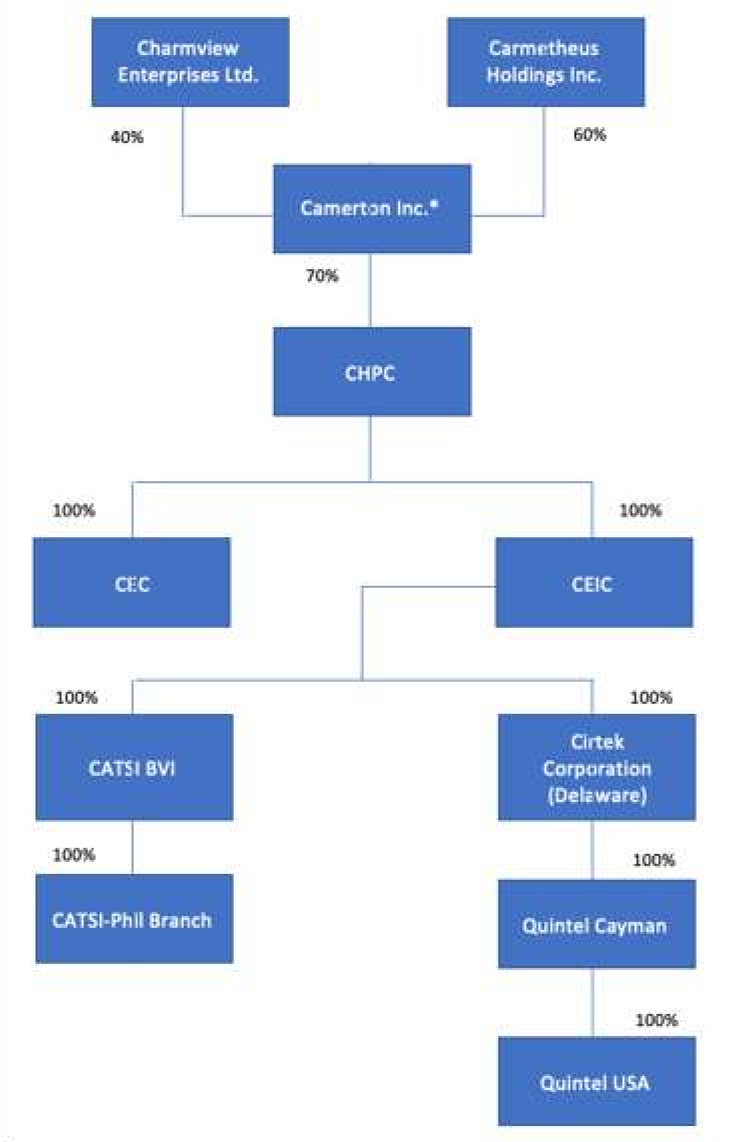
CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE PARENT COMPANY AND CO-SUBSIDIARIES
MARCH 31, 2022



CIRTEK HOLDINGS PHILIPPINES CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

March 31, 2022

Unappropriated retained earnings, beginning	$10,937,081
Net income/(loss) actually earned during the period	(1,880,026)
Less cash dividends declared	2,224,079
Retained earnings available for dividend declaration	$6,932,976

CIRTEK HOLDINGS PHILIPPINES CORPORATION

FINANCIAL SOUNDNESS INDICATORS

MARCH 31, 2022 AND DECEMBER 31, 2021

Ratios	Formula	March 31, 2022	December 31, 2021
(i) Current Ratio	Current Assets/Current Liabilities	**2.40**	2.36
(ii) Debt/Equity Ratio	Bank Debts[1]/ Total Equity	**0.40**	0.57
(iii) Net Debt/Equity Ratio	Bank Debts[1]-Cash & Equivalents/Total Equity	**0.10**	0.24
(iii) Asset to Equity Ratio	Total Assets/Total Equity	**1.54**	1.57
(iv) Interest Cover Ratio	EBITDA[2]/Interest Expense	**5.54**	0.50
(v) Profitability Ratios			
GP Margin	Gross Profit/Revenues	**0.29**	0.29
Net Profit Margin	Net Income/Revenues	**0.09**	0.12
EBITDA Margin	EBITDA/Revenues	**0.28**	0.04
Return on Assets	Net Income/Total Assets[3]	**0.01**	0.03
Return on Equity	Net Income/Total Equity[3]	**0.01**	0.05

[1] Sum of short-term loans and long-term debts

[2] EBITDA is calculated as income before income tax plus depreciation and amortization and financial income (expense).

[3] Based on balances as at March 31, 2022 and December 31, 2021

SCHEDULE A

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS

AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022

	Name of Issuing entity and association of each issue	Amount shown in the balance sheet	Valued based on market quotations at end of reporting period	Income received or accrued
Cash in bank and cash equivalent	N/A	$ 65,369,569	$ 65,369,569	
Trade and other receivables	N/A	60,461,551	60,461,551	
Amounts owed by related parties	N/A	299,193	299,193	
Other current assets				
Financial asset at FVTPL	N/A			
Rental deposit	N/A	1,198,082	1,198,082	
Security deposit	N/A	179,809	179,809	
Loan to employees	N/A	733,737	733,737	
Equity investment at FVTOCI				
Other financial asset at amortized	N/A	478,876	478,876	
Other noncurrent assets:				
Loans to employees	N/A	-	-	
Miscellaneous deposits	N/A	177,909	177,909	
Others	N/A	4,609	4,609	
		$128,903,335	$ 128,903,335	

SCHEDULE B

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022

Amounts owed by Related Parties

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Current	Not Current	Balance at the end of the period
Parent Company						
Camerton	-	-	-	-	–	-
Related parties under commin control						
Cirtek Holdings, Inc.	-			-	–	-
Cayon Holdings, Inc.	191,570	108,223		299,793	–	299,793
	191,570	108,223		299,793	–	299,793
TOTAL		-				

SCHEDULE C

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022

Receivables from related parties which are eliminated during the consolidation (under Trade and Other Receivables)

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Noncurrent	Balance at end of period
Quintel USA	$1,216,999	($5,790,828)	-	-	$1,428,727	-	$1,428,727

Amounts owed by related parties which are eliminated during the consolidation

Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period
Cirtek Holdings Philippines Corporation from:							
CEC	$43,783,505	2,064,566	-	–	$ 45,848,071	$ –	$ 45,848,071
CEIC	44,025,739		-		44,025,739		44,025,739
CATS	40,806,736	141,855	-		41,950,534		40,948,592
RBWRPI	212,371				212,371		212,371
Quintel	15,245,001	–	-	–	15,245,001	–	15,245,001
Total	144,073,352	2,206,422	-	–	143,279,773	–	143,279,773
Cirtek Electronics Corporation from:							
CHPC	-		-	–	-	–	-
CATS	1,086,013	-	(1,086,013)	–	-	–	-
Total	1,086,013	-	(1,086,013)	–	-	–	-
Cirtek Electronics International Corporation from:							
CHPC	-	–	-	–	-	–	-
CEC	-	-	-		-		-
CATS	1,212,017	124,523			1,336,540		1,336,540
Quintel	82,478,692		–	–	82,478,692	–	82,478,692
Total	83,690,709	124,523	-	–	83,815,232	–	83,815,232
Cirtek Advanced Technologies and Solutions, Inc from:.							
RBWRP	39,794	39,794	–	–	-	–	-
Total	39,794	39,794	–	–	-	–	-
RBW Realty and Property, Inc from:							
CATS	3,117,639	497,127	–	–	3,614,766	–	3,614,766
Total	3,117,639	497,127	–	–	3,614,766	–	3,614,766
TOTAL	$232,007,506	$2,867,866	(1,086,013)	–	$230,709,771	$ –	$230,709,771

SCHEDULE D

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INTANGIBLE ASSETS - OTHER ASSETS
AS OF MARCH 31, 2022

Intangible Assets - Other Assets

Description	Beginning Balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance
Goodwill	$55,541,157	$ –	$ –	$ –	$ –	$ 55,541,157
Product development costs	6,344,125	1,590,461	(358,969)	–	–	7,575,617
Customer relationships	23,736,500	–		–	–	23,736,500
Technology	685,370		(293,730)	–	–	391,640
Trademark	7,472,800	–	–	–	–	7,472,800
Total	$93,779,952	$1,598,157	($652,699)	$ –	$ –	$94,717,714

SCHEDULE E

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
AS OF MARCH 31, 2022

	Long-term Debt		
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related balance sheet	Amount shown under caption "long-term debt" in related balance sheet
Notes payable	**$49,028,752**	**$ 17,391,810**	**$ 31,636,943**

SCHEDULE F

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)
AS OF MARCH 31, 2022

Indebtedness to related parties (Long-term loans from related companies)		
Name of related party	Balance at beginning of period	Balance at end of period
	Not Applicable	

SCHEDULE G

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
AS OF MARCH 31, 2022

Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is file	Nature of guarantee
		Not Applicable		

SCHEDULE H

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF GROSS AND NET PROCEEDS BY A LISTED COMPANY WITH RECENT OFFERING OF SECURITIES TO THE PUBLIC
AS OF AND FOR THE FIRST QUARTER ENDED MARCH 31, 2022

		COMMERCIAL PAPER
1. Gross and net proceeds as disclosed in the final prospectus –		
Gross	₱	2,000,000,000
Net		1,878,034,751
2. Actual gross and net proceeds –		
Gross	₱	1,000,000,000
Net		971,739,505
3. Each expenditure item where the proceeds were used –		
Working capital	₱	152,650,000
Loans		655,589,505
Dividend Payment on Preferred Shares		63,500,000
Investment		100,000,000
Balance of the proceeds as of March 31, 2022	₱	-

SCHEDULE I

CIRTEK HOLDINGS PHILIPPINES CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK
AS OF March 31, 2022

Capital Stock

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
Common Stock	1,200,000,000	668,505,825	–	214,658,014	9	–
Preferred A Shares	700,000,000	700,000,000	–	700,000,000	–	–
Preferred B Shares	160,000,000	-	–	-	–	–
Preferred B-1 Shares	70,000,000	70,000,000	–	70,000,000	–	–
Preferred B-2 Shares	200,000,000	67,000,000	–	–	–	–
Preferred B-2B Shares		20,000,000	–	–	–	–
Preferred B-2C Shares		16,936,400	-	-	-	-
Preferred B-2D Shares		28,625,500	-	-	-	-