COVER SHEET

AS095-008557
SEC Registration Number

IPM HOLDINGS INC. AND SUBSIDIARY

(Company's Full Name)

PENTHOUSE THE TAIPAN PLACE F. ORTIGAS JR. ROAD ORTIGAS CENTER PASIG CITY

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

Contact Person	Company Telephone Number
Atty. Ana Katigbak	8817 6791/8897-5257

Fiscal Year (Month / Day)	FORM TYPE	Annual Meeting (Month / Day)
12 / 31	SEC Form 17-Q **June 30, 2022**	4th Wed of May

Secondary License Type, If Applicable

CFD
Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended: **June 30, 2022**

2. SEC Identification Number: AS095-008557

3. BIR Tax Identification Number: 004-636-077

4. **IPM HOLDINGS, INC.**
   Exact name of issuer as specified in its charter

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

6. Industry Classification Code: (SEC Use Only)

7. Penthouse, The Taipan Place, F. Ortigas Jr. Road, Ortigas Center, Pasig City
   Address of issuer's principal office Postal Code: 1605

8. (632) 8897-5257/8817-6791
   Issuer's telephone number, including area code

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

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	690,000,000 shares

11. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

    Yes (√) No ( )

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

    Yes [x] No [ ]

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

    Yes [x] No [ ]

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please see attached.

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

PLAN OF OPERATIONS

The Company, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment and operation of the Passi City Integrated Waste Management Facility, the first PPP project awarded to the Company. The facility was opened in 2021.

As of June 30, 2022, the Company is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, the Company plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of the financial position and results of operations of the Parent Company and its subsidiary (the "Group") should be read in conjunction with the attached interim consolidated financial statements as of June 30, 2022.

Six Months Ended June 30, 2022 Compared to Six Months Ended June 30, 2021

Income

Total consolidated revenues for the six-month period ending June 30, 2022 amounted to Php151.10 million, up by Php13.21 million or 10% from the Php137.90 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php12.71 million or 9% from the Php135.40 million in 2021 to Php148.12 million posted in 2022. This is mainly due to the increase in income of the Company's joint venture for the hauling and waste collection in Cagayan de Oro City, tipping fees charged to LGUs, and private hauling revenues.

- Rental Income - Increased by Php0.50 million or 26% from Php1.89 million in 2021 to Php2.39 million in 2022. This is attributable mainly to the increase in rental income from equipment and trucks which are now being used for its own hauling activities.

Expenses

Total consolidated expenses for the first six months of 2022 amounted to Php132.00 million, up by Php8.78 million or 7% from the Php123.23 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php116.07 million, higher by Php8.05 million or 7% from the Php108.02 million reported in the same period of 2021. This is attributable mainly to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City, and surcharge for fuel and oil.

- General and Administrative Expenses - Increased by Php1.07 million or 9%, from Php12.43 million in 2021 to Php13.50 million in 2022. This is attributable mainly to the increase in professional fees.

- Interest Expense - Decreased by Php0.34 million or 12%, from Php2.78 million in 2021 to Php2.43 million posted in 2022. This is mainly due to the lower interest expense on bank loans.

Net Income

The first six months of 2022 resulted to a net income of Php13.94 million, which increased by Php3.22 million or 30% from the Php10.72 million in the same period of 2021. This is mainly due to the increase in income of the joint venture from the hauling and waste collections in Cagayan de Oro.

Liquidity and Capital Resources

For the first half of 2022, net cash provided by operating activities amounted to Php20.96 million as compared to Php59.09 million in 2021. This is mainly due to the decrease in other current assets and trade and other payables.

Net cash used in investing activities amounted to Php11.90 million in the first half of 2022 as compared to Php58.47 million in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.

Net cash used in financing activities amounted to Php2.43 million in the first half of 2022 as compared to Php3.78 million in 2021, the said amounts representing payment of bank loans and interest.

First Quarter Ended June 30, 2022 Compared to First Quarter Ended June 30, 2021

Total consolidated revenues for the quarter ending June 30, 2022 amounted to Php74.05 million, which increased by Php4.18 million or 6% from the Php69.87 million posted in the same period of 2021. The material changes are as follows:

- Service Income - Increased by Php4.27 million or 6% from the Php68.30 million in 2021 to Php72.57 million posted in 2022. This is mainly due to the increase in income of the Company's joint venture for the hauling and waste collection in Cagayan de Oro City, tipping fees charged to LGUs, and private hauling revenues.

- Rental Income - Decreased by Php0.08 million or 6%, from the Php1.27 million in 2021 to Php1.19 million in 2022. This is attributable to the decrease in income from rental of equipment and trucks which are now being used for the Company's own hauling activities.

Expenses

Total consolidated expenses for the second quarter ending June 30, 2022 amounted to Php69.56 million, which increased by Php9.50 million or 16% from the Php60.06 million posted in the same period of 2021. The material changes are as follows:

- Cost of Services – At Php60.70 million, which is Php7.31 million or 14% higher than the Php53.39 million in 2021. This is attributable mainly to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City, and surcharge for fuel and oil.

- General and Administrative Expenses – Increased by Php2.90 million or 61% higher than the Php4.74 million in 2021. This is attributable mainly to the increase in professional fees.

- Interest Expense - Decreased by Php0.70 million or 36%, from Php1.92 million in 2021 to Php1.22 million posted in 2022. This is mainly due to the decrease in bank loans interest.

Net Income

The second quarter of 2022 resulted in a net income of Php2.96 million, a decrease of Php4.68 million or 61% from the Php7.63 million posted in the same period of 2021. This is mainly due to the increase in sub-contract costs of the joint venture to undertake the works and services for hauling and waste collection activities in Cagayan de Oro City.

Liquidity and Capital Resources

For the second quarter of 2022, net cash provided by operating activities amounted to Php14.37 million as compared to Php28.66 million in the same period 2021. This is mainly due to the decrease in other current assets and trade and other payables.

Net cash used in investing activities amounted to Php6.38 million in the second quarter of 2022 as compared to Php28.55 million in the same period of 2021. This is mainly due to the acquisition of property and equipment, and dividends received from an associate.

Net cash used in financing activities amounted to Php1.22 million in the second quarter of 2022 as compared to Php2.92 million in the same period of 2021, the said amounts representing payment of bank loans and interest.

Financial Position as of June 30, 2022 Compared to Financial Position as of December 31, 2021

Statements of financial position data	30-June-2022	31-Dec-2021	% Inc/(Dec)
Total Current Assets	**979,886,698**	972,158,390	0.79%
Total Assets	**1,537,796,063**	1,534,138,398	0.24%
Total Current Liabilities	**218,836,924**	229,147,700	(4.50%)
Total Liabilities	**250,877,868**	261,688,644	(4.13%)
Total Stockholders' Equity	**1,286,918,194**	1,272,449,754	1.14%

The Company's consolidated total assets slightly increased by Php3.66 million or 0.24%, from Php1,534.14 million as of December 31, 2021 to Php1,537.80 million as of June 30, 2022.

- Cash and cash equivalents increased by Php3.27 million or 46.17%, from Php7.09 million as of December 31, 2021 to Php10.36 million as of June 30, 2022. The increase is mainly due to the collection of receivables.

- Trade and other receivables posted a slight decreased of 0.8% from 952.75 million as of December 31, 2021 to Php944.94 million as of June 30, 2022.

- Other current assets increased by Php12.27 million or 100% from Php12.32 million as of December 31, 2021 to Php24.59 million as of June 30, 2022 due to the increase in input VAT pertaining to the sub-contract cost for hauling and waste collection in Cagayan de Oro City.

- Noncurrent assets slightly decreased by 0.7% from Php561.98 million as of December 31, 2021 to Php557.91 million as of June 30, 2022.

Total consolidated liabilities decreased by 4%, from Php261.69 million as of December 31, 2021 to Php250.88 million as of June 30, 2022.

Total stockholders' equity slightly increased by 1%, from Php1,272.45 million as of December 31, 2021 to Php1,286.92 million as of June 30, 2022, reflecting the income for the current year.

Current ratio increased from 4.24x as of December 31, 2021 to 4.48x as of June 30, 2022; net working capital increased to Php7761.05 million as of June 30, 2022 versus the Php743.01 million as of December 31, 2021.

Key Performance Indicators

The company's key performance indicators are as follows:

KPI	Calculation	30-Jun-2022	31-Dec-2021
Current Ratio (1)	Current Assets/Current Liabilities	**4.48x**	4.24x
Quick Ratio (2)	Current Assets-Inventory-Prepaid Expenses /Current Liabilities	**4.37x**	4.19x
Debt to Equity Ratio (3)	Liabilities/ Stockholders' Equity	**0.16x**	0.17x
Book Value per share (4)	Total Assets –Total Liabilities/ Outstanding Shares	**1.87**	1.84
Income per Share (5)	Net Income/Weighted Average Number of Shares Outstanding	**0.02**	0.09

		30-Jun-2022	December 31, 2021
(1)	Current Ratio	979,886,697/218,836,924	972,158,390/229,147,701
(2)	Quick Ratio	955,300,897/218,836,924	959,839,023/229,147,701
(3)	Debt to Equity	250,877,868/1,537,796,062	261,688,644/1,272,449,754
(4)	Book Value/Share	1,286,918,194/690,000,000	1,272,449,754/690,000,000
(5)	Income per Share	13,944,958/690,000,000	59,994,783/690,000,000

The Current Ratio is the general measure of a company's liquidity. It represents the ratio of all current assets to all current liabilities. It is also known as the "Working Capital Ratio" because working capital is the excess of current assets over current liabilities.

The Quick Ratio is another measure of a company's liquidity. It is used to measure a company's ability to pay its liabilities using assets that are cash or very liquid.

The Debt to Equity Ratio is a measure of leverage, or the relative amount of funds provided by lenders and owners. This measures the amount of debt being used by the Company.

Book Value per Share is a measure of stockholders' equity. It represents the difference between total assets and total liabilities then divide that total by the number of common shares outstanding.

Income per Share is computed by dividing the net income by the weighted average number of common shares outstanding.

Other Matters

a) There were no known trends, demands, commitments, events or uncertainties that had or will have a material impact on the Company's liquidity other than those discussed in the Plan of Operation, Item 2- Management's Discussion and Plan of Operations.

b) There were no known events that triggered direct or contingent financial obligation that is material to the Company including any default or acceleration of an obligation.

c) There were no material off-balance sheet transaction, arrangements, obligations (including contingent obligations) and other relationship of the company with unconsolidated entities or other persons created during the reporting period.

d) There were no material commitments for capital expenditures.

e) There were no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on net sales or income other than what was mentioned in the Plan of Operation, Item 2 – Management's Discussion and Analysis;

f) There were no significant elements of income or loss that did not arise from the Company's continuing operations.

g) There were no seasonal aspects that had material effect on the financial condition or results of operation except as mentioned in the Notes to Financial Statements No 5.

PART II – OTHER INFORMATION

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

Not Applicable

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 : **IPM HOLDINGS, INC.**

ISABELITA P. MERCADO
Chairman and Chief Executive Officer

Date: August 18, 2022

FRANCIS NEIL P. MERCADO
Treasurer and Chief Financial Officer

Date: August 18, 2022

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30-June-2022	31-Dec-2021
	Unaudited	Audited
ASSETS		
Current Assets		
Cash (Note 4)	**₱10,361,390**	₱7,088,744
Current portion of receivables - net (Notes 5 and 15)	**944,939,507**	952,750,279
Other current assets (Note 6)	**24,585,800**	12,319,367
Total Current Assets	**₱979,886,697**	₱972,158,390
Noncurrent Assets		
Noncurrent portion of receivables - net (Notes 5 and 15)	**40,160,660**	39,570,500
Deposits (Note 8)	**1,988,034**	1,988,034
Investments in an associate and a joint venture (Note 7)	**158,873,210**	165,273,210
Property and equipment (Note 10)	**224,720,018**	222,313,441
Investment property (Note 9)	**102,571,391**	103,261,676
Deferred tax assets (Note 20)	**10,248,202**	11,332,892
Other noncurrent assets (Note 11)	**19,347,850**	18,240,255
Total Noncurrent Assets	**557,909,365**	561,980,008
	₱1,537,796,062	₱1,534,138,398
LIABILITIES AND EQUITY		
Current Liabilities		
Loan payable (Note 13)	**₱87,000,000**	₱88,000,000
Income tax payable	**1,377,439**	–
Trade and other payables (Note 12)	**130,459,485**	141,147,700
Total Current Liabilities	**218,836,924**	229,147,700
Noncurrent Liabilities		
Asset rehabilitation obligation (ARO-liability) (Note 22)	**29,078,635**	29,078,635
Net pension liability (Note 19)	**2,962,309**	3,462,309
Total Noncurrent Liabilities	**32,040,944**	32,540,944
Total Liabilities	**250,877,868**	261,688,644
Equity		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 14)	**690,000,000**	690,000,000
Retained earnings (Note 14)	**492,511,460**	481,878,148
Other reserves (Notes 1 and 19)	**(298,885,591)**	(298,885,591)
	883,625,869	872,992,557
Noncontrolling interests (Note 2)	**403,292,325**	399,457,197
Total Equity	**1,286,918,194**	1,272,449,754
	₱1,537,796,062	₱1,534,138,398

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June 30	
	2022	2021
REVENUE AND OTHER INCOME		
Service income (Notes 16 and 21)	**₱72,565,205**	₱68,296,355
Rental income (Notes 9 and 21)	**1,188,505**	1,270,827
Interest Income (Notes 4, 8 and 13)	**296,422**	302,618
	74,050,132	69,869,800
EXPENSES		
Cost of services (Note 17)	**60,698,845**	53,391,629
General and administrative expenses (Note 18)	**7,637,345**	4,740,739
Interest expense (Notes 13 and 21)	**1,222,833**	1,924,951
Equity in net losses of an associate and a joint venture (Note 7)	**-**	-
	69,559,022	60,057,319
INCOME BEFORE INCOME TAX	**4,491,110**	9,812,481
PROVISION FOR INCOME TAX	**1,533,694**	2,176,582
NET INCOME	**2,957,416**	7,635,899
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss:		
Actuarial losses on defined benefit obligation	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱2,957,416**	₱7,635,899
Net income attributable to:		
Equity holders of the parent	**₱1,983,582**	₱5,549,630
Noncontrolling interest	**973,834**	2,086,269
	₱2,957,416	₱7,635,899
Total comprehensive income attributable to:		
Equity holders of the parent	**₱1,983,582**	₱5,549,630
Noncontrolling interest	**973,834**	2,086,269
	₱2,957,416	₱7,635,899
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 20)	**₱0.003**	₱0.008

See accompanying Notes to Consolidated Financial Statements

IPM HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2022	2021
REVENUE AND OTHER INCOME		
Service income (Notes 16 and 21)	**₱148,119,777**	₱135,404,299
Rental income (Notes 9 and 21)	**2,392,011**	1,895,582
Interest Income (Notes 4, 8 and 13)	**591,868**	598,269
	151,103,656	137,898,150
EXPENSES		
Cost of services (Note 17)	**116,070,450**	108,019,431
General and administrative expenses (Note 18)	**13,505,317**	12,433,239
Interest expense (Notes 13 and 21)	**2,432,833**	2,777,451
Equity in net losses of an associate and a joint venture (Note 7)	**-**	-
	132,008,600	123,230,121
INCOME BEFORE INCOME TAX	**19,095,056**	14,668,029
PROVISION FOR INCOME TAX	**5,150,098**	3,945,983
NET INCOME	**13,944,958**	10,722,046
OTHER COMPREHENSIVE INCOME (LOSS)		
Items not to be reclassified to profit or loss:		
Actuarial losses on defined benefit obligation	**-**	-
TOTAL COMPREHENSIVE INCOME	**₱13,944,958**	₱10,722,046
Net income attributable to:		
Equity holders of the parent	**₱10,109,830**	₱7,670,669
Noncontrolling interest	**3,835,128**	3,051,377
	₱13,944,958	₱10,722,046
Total comprehensive income attributable to:		
Equity holders of the parent	**₱10,109,830**	₱7,670,669
Noncontrolling interest	**3,835,128**	3,051,377
	₱13,944,958	₱10,722,046
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 20)	**₱0.015**	₱0.011

See accompanying Notes to Consolidated Financial Statements

IPM HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent					
			Other Reserves			
	Capital Stock (Note 14)	**Retained Earnings-Unappropriated** (Note 14)	**Equity Reserve** (Note 1)	**Actuarial Gains (Losses) on Defined Benefit Obligation** (Note 19)	**Noncontrolling Interests** (Note 2)	**Total Equity**
Balance as of March 31, 2022	**₱690,000,000**	**₱490,581,449**	**(₱298,498,391)**	**(387,200)**	**₱402,318,491**	**₱1,284,014,349**
Net income for the first quarter	**–**	**1,930,011**	**–**	**–**	**973,834**	**2,903,845**
At June 30, 2022	**₱690,000,000**	**₱492,511,460**	**(₱298,498,391)**	**(₱387,000)**	**₱403,292,325**	**₱1,286,918,194**
Balance as of January 1, 2021	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141
Net income	–	44,112,115	–	–	15,882,668	59,994,783
Other comprehensive income	–	–	–	(231,127)	(77,043)	(308,170)
Total comprehensive income	–	44,112,115	–	(231,127)	15,805,625	59,686,613
At December 31, 2021	₱690,000,000	₱481,878,148	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,449,754
Balance as of March 31, 2021	₱690,000,000	₱439,887,072	(₱298,498,391)	(₱156,073)	₱384,616,680	₱1,215,849,288
Net income for the first quarter	–	5,549,630	–	–	2,086,269	7,635,899
At June 30, 2021	₱690,000,000	₱445,436,702	(₱298,498,391)	(₱156,073)	₱386,702,949	₱1,223,485,187

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Attributable to Equity Holders of the Parent					
			Other Reserves			
	Capital Stock (Note 14)	Retained Earnings- Unappropriated (Note 14)	Equity Reserve (Note 1)	Actuarial Gains (Losses) on Defined Benefit Obligation (Note 19)	Noncontrolling Interests (Note 2)	Total Equity
Balance as of January 1, 2022	**₱690,000,000**	**₱482,401,630**	**(₱298,498,391)**	**(₱387,200)**	**₱399,457,197**	**₱1,272,973,236**
Net income for the six months period	**–**	**10,109,830**	**–**	**–**	**3,835,128**	**13,944,958**
At June 30, 2022	**₱690,000,000**	**₱492,511,460**	**(₱298,498,391)**	**(₱387,200)**	**₱403,292,325**	**₱1,286,918,194**
Balance as of January 1, 2021	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141
Net income	–	44,112,115	–	–	15,882,668	59,994,783
Other comprehensive income	–	–	–	(231,127)	(77,043)	(308,170)
Total comprehensive income	–	44,112,115	–	(231,127)	15,805,625	59,686,613
At December 31, 2021	₱690,000,000	₱481,878,148	(₱298,498,391)	(₱387,200)	₱399,457,197	₱1,272,449,754
Balance as of January 1, 2021	₱690,000,000	₱437,766,033	(₱298,498,391)	(₱156,073)	₱383,651,572	₱1,212,763,141
Net income for the six months period	–	7,670,669	–	–	3,051,377	10,722,046
At June 30, 2021	₱690,000,000	₱445,436,702	(₱298,498,391)	(₱156,073)	₱386,702,949	₱1,223,485,187

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,491,110**	₱9,812,481
Adjustments for:		
Depreciation and amortization	**9,378,591**	2,745,643
Interest expense	**1,222,833**	1,924,951
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	**-**	-
Interest income	**296,318**	(302,618)
Operating income before changes in working capital	**15,388,852**	14,180,457
Decrease (increase) in:		
Receivables	**5,235,202**	32,671,510
Due from a related party		
Other current assets	**4,802,989**	6,481,449
Increase (decrease) in:		
Trade and other payables	**(6,987,222)**	(17,836,963)
Net cash generated from (used in) operations	**18,439,821**	35,496,453
Interest received	**(296,318)**	302,618
Income tax paid	**(3,772,653)**	(7,140,645)
Net cash provided by operating activities	**14,370,851**	28,658,450
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	**(12,780,625)**	(25,349,625)
Dividends received from an associate	**6,400,000**	(3,200,000)
Net cash used in investing activities	**(6,380,625)**	(28,549,625)
CASH FLOWS FROM FINANCING ACTIVITY		
Interest paid	**(1,222,833)**	(1,924,951)
Proceeds/Payment of loans	**-**	(1,000,000)
Net cash used by financing activities	**(1,222,833)**	(2,924,951)
NET INCREASE (DECREASE) IN CASH	**6,767,392**	(2,816,126)
CASH AT BEGINNING OF PERIOD	**3,493,998**	35,266,376
CASH AT END OF PERIOD (Note 4)	**₱10,361,390**	₱32,450,250

See accompanying Notes to Consolidated Financial Statements.

IPM HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱19,095,056**	₱14,668,029
Adjustments for:		
Depreciation and amortization	**15,478,372**	13,618,972
Interest expense	**2,432,833**	2,777,451
Equity in net losses (earnings) of an associate and a joint venture (Note 7)	**-**	-
Interest income	**(591,868)**	(598,269)
Operating income before changes in working capital	**36,414,393**	30,466,183
Decrease (increase) in:		
Receivables	**2,866,038**	53,042,917
Other current assets	**(6,296,505)**	(12,386,142)
Increase (decrease) in:		
Trade and other payables	**(7,844,720)**	(5,490,672)
Net cash generated from (used in) operations	**25,139,206**	65,632,286
Interest received	**591,868**	598,269
Income tax paid	**(3,772,659)**	(7,140,621)
Net cash provided by operating activities	**21,958,415**	59,089,910
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	**(18,302,257)**	(52,072,424)
Dividends received from an associate	**6,400,000**	(6,400,000)
Net cash used in investing activities	**11,902,257**	(58,472,424)
CASH FLOWS FROM FINANCING ACTIVITY		
Interest paid	**(2,432.833)**	(2,777,451)
Proceeds/Payment of loans	**(1,000,000)**	(1,000,000)
Net cash used by financing activities	**(3,432,833)**	(3,777,451)
NET INCREASE (DECREASE) IN CASH	**6,623,325**	(3,159,965)
CASH AT BEGINNING OF PERIOD	**3,738,065**	35,610,215
CASH AT END OF PERIOD (Note 4)	**₱10,361,390**	₱32,450,250

See accompanying Notes to Consolidated Financial Statements

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IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	June 30	December 31
	2022	2021
ASSETS		
Current Assets		
Cash (Note 4)	**₱100,239**	₱250,095
Financial assets (net of allowance for expected credit losses of ₱1,066,172 as of December 31, 2021 and 2020)	**–**	–
Other current assets - net (Note 5)	**374,331**	40,000
Total Current Assets	**474,570**	290,095
Noncurrent Asset		
Investment in a subsidiary (Notes 6 and 10)	**485,375,000**	485,375,000
	₱485,849,570	₱485,665,095
LIABILITIES AND EQUITY		
Current Liabilities		
Advances from related party (Note 10)	**₱20,000,000**	₱18,300,000
Accrued expenses and other payables (Notes 7 and 10)	**213,840**	333,812
Total Current Liabilities	**20,213,840**	18,633,812
Equity		
Capital stock (Note 8)	**690,000,000**	690,000,000
Deficit	**(224,364,270)**	(222,968,717)
Total Equity	**465,635,730**	467,031,283
	₱485,849,570	₱485,665,095

See accompanying Notes to Parent Company Financial Statements.

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Quarters Ended June 30	
	2022	2021
INCOME		
Interest (Note 4)	**₱52**	₱92
EXPENSES		
Directors' per diem (Note 10)	**240,000**	160,000
Professional fees	**196,152**	140,000
Salaries and wages	**146,000**	146,000
Stock exchange listing fee	**121,613**	140,138
Utilities (Note 10)	**60,000**	45,000
Rent expense (Note 10)	**53,571**	40,179
Entertainment, amusement and recreation	**33,673**	13,500
Transportation	**16,253**	10,500
Office supplies and printing costs	**41,161**	-
Miscellaneous	**29,538**	13,934
	937,961	709,251
LOSS BEFORE INCOME TAX	**937,909**	709,159
PROVISION FOR INCOME TAX (Note 9)	**10**	18
NET LOSS / TOTAL COMPREHENSIVE LOSS	**₱937,919**	₱709,177

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IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2022	2021
INCOME		
Interest (Note 4)	**₱81**	₱212
EXPENSES		
Professional fees	**276,152**	330,751
Salaries and wages	**292,000**	292,000
Directors' per diem (Note 10)	**240,000**	320,000
Stock exchange listing fee	**243,225**	277,275
Utilities (Note 10)	**90,000**	90,000
Rent expense (Note 10)	**80,357**	80,357
Entertainment, amusement and recreation	**47,173**	27,000
Transportation	**26,753**	21,000
Taxes and licenses	**22,500**	22,500
Office supplies and printing costs	**41,161**	-
Miscellaneous	**36,297**	22,749
	1,395,618	1,483,632
LOSS BEFORE INCOME TAX	**1,395,537**	1,483,420
PROVISION FOR INCOME TAX (Note 9)	**16**	42
NET LOSS / TOTAL COMPREHENSIVE LOSS	**₱1,395,553**	₱1,483,462

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	**Deficit**	**Total**
At March 31, 2022	**₱690,000,000**	**(₱223,426,351)**	**₱466,573,649**
Net loss for the second quarter	–	**(937,919)**	**(937,919)**
At June 30, 2022	**₱690,000,000**	**(₱224,364,270)**	**₱465,635,730**
At January 1, 2021	₱690,000,000	(₱219,432,831)	₱470,567,169
Net loss	–	(3,535,886)	(3,535,886)
At December 31, 2021	₱690,000,000	(₱222,968,717)	₱467,031,283
At March 31, 2021	₱690,000,000	(₱220,207,117)	₱469,792,883
Net loss for the second quarter	–	(709,177)	(709,177)
At June 30, 2021	₱690,000,000	(₱220,916,294)	₱469,083,706

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 8)	**Deficit**	**Total**
At January 31, 2022	**₱690,000,000**	**(₱222,968,717)**	**₱467,031,283**
Net loss for six months	−	**(1,395,553)**	**(1,395,553)**
At June 30, 2022	**₱690,000,000**	**(₱224,364,270)**	**₱465,635,730**
At January 1, 2021	₱690,000,000	(₱219,432,831)	₱470,567,169
Net loss	−	(3,535,886)	(3,535,886)
At December 31, 2021	₱690,000,000	(₱222,968,717)	₱467,031,283
At March 31, 2021	₱690,000,000	(₱219,432,831)	₱470,567,169
Net loss for six months	−	(1,483,463)	(1,483,463)
At June 30, 2021	₱690,000,000	(₱220,916,294)	₱469,083,706

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Quarters Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱937,909)**	(709,158)
Adjustments for:		
Provision for impairment losses (Note 5)	**-**	-
Interest income (Note 4)	**(52)**	(92)
Operating loss before changes in working capital	**(937,961)**	(709,250)
Changes in operating assets and liabilities:		
Increase in other current assets	**95,494**	124,356
Increase (decrease) in accrued expenses and other payables	**(163,365)**	(147,706)
Net cash used in operations	**(1,005,832)**	(732,600)
Interest received	**52**	92
Income tax paid	**(10)**	(18)
Net cash flows used in operating activities	**(1,005,790)**	(732,526)
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in advances from related party (Note 10)	**1,000,000**	800,000
NET DECREASE IN CASH	**(5,790)**	67,473
CASH AT BEGINNING OF PERIOD	**106,028**	140,484
CASH AT END OF PERIOD (Note 4)	**₱100,238**	₱207,957

IPM HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Six Months Ended June 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱1,395,537)**	(₱1,483,420)
Adjustments for:		
Provision for impairment losses (Note 5)	**-**	-
Interest income (Note 4)	**(81)**	(212)
Operating loss before changes in working capital	**(1,395,618)**	(1,483,632)
Changes in operating assets and liabilities:		
Increase in other current assets	**(334,331)**	(373,794)
Increase (decrease) in accrued expenses and other payables	**(119,973)**	(219,109)
Net cash used in operations	**(1,849,922)**	(2,076,535)
Interest received	**81**	212
Income tax paid	**(16)**	(42)
Net cash flows used in operating activities	**(1,849,857)**	(2,076,365)
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in advances from related party (Note 10)	**1,700,000**	1,800,000
NET DECREASE IN CASH	**(149,857)**	(276,366)
CASH AT BEGINNING OF PERIOD	**250,095**	484,323
CASH AT END OF PERIOD (Note 4)	**₱100,238**	₱207,957

IPM HOLDINGS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information and Status of Operations**

IPM Holdings, Inc., (the Parent Company) and its subsidiary, Basic Environmental Systems and Technologies, Inc. (BEST) (collectively referred to as "the Group"), were incorporated in the Philippines on August 31, 1995 and September 15,1999, respectively. The Parent Company's registered office address is at Penthouse, The Taipan Place, F. Ortigas Jr., Road, Ortigas Center, Pasig City.

The Parent Company is engaged in the business of investment; to own, hold, use, sell, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property of every kind and description; and, to manage any business, joint venture, firm partnership, corporation, institution or entity or otherwise act as holding or management corporation thereof.

BEST is engaged in contracting and consulting business for waste management, public cleansing, sanitation and general hygiene to provide comprehensive waste disposal services.

The Parent Company's shares are publicly traded in the Philippine Stock Exchange (PSE) under the ticker "IPM". As of June 30, 2022 and December 31, 2021, the top four beneficial shareholders of the Parent Company are the following:

	Percentage of ownership
IPM Construction and Development Corporation (IPMCDC)	51%
IPM Environmental Services, Inc. (IPMESI)	10%
IPM Realty and Development Corporation (IPMRDC)	7%
Public	32%

IPMCDC, IPMESI and IPMRDC were all incorporated in the Philippines. The ultimate parent company of the Group is IPMCDC.

Reverse acquisition

Before the Parent Company acquired 75% interest in BEST, majority of the shareholders of BEST are also the shareholders of IPMCDC, IPMESI and IPMRDC. Hence, the Parent Company's acquisition of 75% interest in BEST effectively qualifies as a reverse acquisition since BEST is the combining entity whose owners as a group retain or receive the largest portion of the voting rights in the combined entity. Equity reserve pertains to the difference in capital structure of IPM and BEST and recognition of deficit of IPM during the date of acquisition, as the retained earnings of the consolidated financial statements represents retained earnings of BEST before acquisition adjusted by post-acquisition results of the Group.

Since the Parent Company is not a business as defined in paragraph B7 of PFRS 3, *Business Combination*, the transaction did not qualify a business combination, but a share-based payment transaction whereby BEST has received the net assets of the Parent Company together with the listing status of the Parent Company.

The consolidated financial statements reflect the substance of the transaction which is that BEST is the continuing entity, therefore, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in PFRS 3 were applied in this transaction. However, the listing status did not qualify for recognition as an intangible asset, and therefore expensed in profit or loss.

In 2013, listing expense was recognized in profit or loss and equity reserve at the date of acquisition. Computation of listing expense follows:

Fair value of BEST at acquisition date		₱650,295,426
Interest acquired by Parent Company	75%	
		487,721,570
Cash paid by Parent Company		462,500,000
		₱25,221,570

Status of Operations and Management's Plans

The Group, with a vision of providing quality environmental and waste management services nationwide, is currently spearheading activities aimed to enable municipalities, cities, and provinces to establish integrated waste management systems that are compliant with the requirements of Republic Act 9003, the Ecological Solid Waste Management Act of 2000.

With the technical competency and available solutions, BEST in partnership with local government units on a Public-Private Partnership (PPP) framework, has pioneered in building, developing, and operating state-of-the-art facilities to properly address waste management needs thereby reducing pollution and preventing the further destruction of our natural resources.

On September 25, 2019, BEST entered into a Joint Venture with the City Government of Passi, Iloilo for the establishment and operations of the Passi City Integrated Waste Management Facility, the first PPP project awarded to BEST. The facility was opened in 2021.

As of June 30, 2022, BEST is actively engaged in advanced stages of development for the realization of its additional PPP projects, which will place BEST at the forefront of the waste management industry all over the Philippines.

In addition, considering the ongoing focus and drive for compliance with proper waste management in the private and commercial sectors, BEST plans to further expand its operations in private waste collection and disposal within Metro Manila and its environs.

Finally, acknowledging the need for innovative and sustainable ways to create and improve its services, BEST launched its online My Basurero App and the Trash to Cashback Program powered by bXTRA. With these new projects, BEST aims for behavior modification and sustainability, by taking traditional methods and infusing modern systems and technologies to change the way people view waste and waste management.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared using the historical cost basis and presented in Philippine Peso (₱), the Group's functional currency. All amounts are rounded to the nearest Philippine Peso unless otherwise indicated.

The accompanying consolidated financial statements have been prepared under the going concern assumption. While the government eases restrictions of business activities to revive economic growth, the impact of COVID-19 may continue to evolve giving inherent uncertainties on businesses.

Statement of Compliance
The consolidated financial statements have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements prepared following a reverse acquisition are issued under the name of the Parent Company (legal parent or accounting acquiree) but is a continuation of the financial statements of BEST (legal subsidiary or accounting acquirer). The consolidated financial statements comprise the financial statements of the Parent Company and BEST.

The consolidated financial statements are prepared based on the principles of reverse acquisition involving a non-trading shell company. The accounting acquiree is fully consolidated from the date of acquisition or incorporation, being the date on which the accounting acquirer obtains control, and continues to be consolidated until the date that such control ceases.

All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions are eliminated in full.

Noncontrolling interest (NCI) represent the portion of profit or loss and the net assets not held by the Group and are presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position and consolidated statements of changes in equity.

Acquisitions of NCI are accounted for using the acquisition method, whereby the Group considers the acquisition of NCI as an equity transaction. Any premium or discount on subsequent purchases from NCI shareholders is recognized directly in equity and attributed to the equity holders of the Parent Company.

Assessment of Control
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect that return through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group re-assesses 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. Consolidation begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of the subsidiary are included in the consolidated statements of financial position and consolidated statements of comprehensive income from the date the Group gains control at the subsidiary until the date the Group losses the control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the NCI, even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of the subsidiary to bring its accounting policies in line with the accounting policies of the Group.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. When the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation adjustments recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

As of June 30, 2022 and December 31, 2021, NCI pertains to ownership of individuals and companies other than the Parent Company of BEST. The financial information of BEST, with material NCI, is provided below. This information is based on amounts before intercompany eliminations.

	30-Jun-2022	31-Dec-2021
Proportion of equity interests held by NCI	**25%**	25%
Voting rights held by NCI	**25%**	25%
Accumulated balances of NCI	**₱403,292,325**	₱399,457,197
Net income allocated to NCI	**3,835,128**	15,882,668
Comprehensive income allocated to NCI	**3,835,128**	15,805,625

Statements of Financial Position

	30-Jun-2022	31-Dec-2021
Current assets	**₱1,032,072,788**	₱982,682,626
Noncurrent assets	**519,998,704**	564,230,008
Total assets	**₱1,522,071,492**	₱1,546,912,634
Current liabilities	**₱218,623,084**	₱228,828,214
Noncurrent liabilities	**32,040,944**	32,540,944
Total liabilities	**₱250,664,028**	₱261,369,158

Statements of Comprehensive Income

	30-Jun-2022	31-Dec-2021
Revenue	**₱151,183,932**	₱330,579,480
Net income attributable to:		
Equity holders of the parent	**11,505,384**	47,648,000
NCI	**3,835,128**	15,882,668

	30-Jun-2022	31-Dec-2021
Total comprehensive income attributable to		
Equity holders of the parent	**11,505,384**	46,416,873
NCI	**3,835,128**	11,770,942

Statements of Cash Flows

	30-Jun-2022	31-Dec-2021
Cash flows from (used in):		
Operating activities	**₱14,376,640**	₱51,226,318
Investing activities	**(6,380,625)**	(73,501,709)
Financing activities	**(1,222,833)**	(7,188,437)
Net increase (decrease) in cash and cash equivalents	**₱6,773,182**	(₱29,463,828)

There are no significant restrictions on the Group's ability to use assets or settle liabilities within the Group. There is no difference on the voting rights of non-controlling interests as compared to majority stockholders.

Change in Accounting Policies and Disclosures
The accounting policies adopted in the preparation of the Group's financial statements are consistent with those of the previous financial year except that the Group has adopted the following new accounting pronouncements starting January 1, 2021. Unless otherwise indicated, the adoption of these pronouncements did not have significant impact on the financial statements.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*
  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:
  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

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

  This amendment is not applicable to the Group as there are no rent concessions granted to the Group as a lessee.

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Financial assets
Initial recognition of financial instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

As of June 30, 2022 and December 31, 2021, the Group's financial assets pertain to financial assets at amortized cost (debt instruments).

Financial assets at amortized cost
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes cash, receivables and deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to

receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Determining the stage for impairment
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

<u>Financial liabilities</u>
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include "Trade and other payables" (other than "Payable to government agencies" which is covered by other accounting standard) and "Loan Payable".

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

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

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

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

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

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

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is observable.

Other Current Assets
Prepayments represent expenses not yet incurred but already paid in advance. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit and loss as the benefits are consumed in operations or expired with the passage of time. Input value-added tax and creditable withholding tax are recognized as assets to the extent that it is probable that the benefit will flow to the Group. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related tax liability within the period prescribed by the relevant tax laws.

Other assets
Other assets pertain to the expenses incurred in relation to the design, engineering, and construction of the sanitary landfill related to the project under the joint venture agreement between the Group and a local government unit. These expenses are considered as costs to fulfill a contract which are capitalizable under PFRS 15, *Revenue from Contracts with Customers.* In order for an entity to recognize an asset from the costs incurred to fulfill a contract, those costs must meet all of the following criteria: (a) the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify; (b) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) the costs are expected to be recovered.

Investments in an Associate and a Joint Venture
Associates are entities in which the Group has significant influence and which are neither subsidiaries nor joint ventures of the Group. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

A joint venture is an entity, not being a subsidiary or an associate, in which the Group exercises joint control together with one or more venturers. Investments in an associate and a joint venture are accounted for under the equity method of accounting in the consolidated financial statements.

Under the equity method, the investments in associate and joint venture are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate and joint venture, less dividends declared and impairment in value.

The interest in an associate and a joint venture is the carrying amount of the investment in the associate and joint venture under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate and joint venture.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss with respect to the Group's net investments in the associate and joint venture. The consolidated statements of comprehensive income reflects the Group's share in the results of operations of its associate and joint venture. This is included in the "Equity in net earnings (losses) of an associate and a joint venture" account in the consolidated statements of comprehensive income. After the Group's interest is reduced to zero, additional losses are provided to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate and joint venture.

When there has been a change recognized directly in the equity of the associate and joint venture, the Group recognizes its share of any change and discloses this, when applicable, in the consolidated statements of changes in equity.

The reporting dates of the associate, joint venture and the Group are identical and the accounting policies of the associate and joint venture conform to those used by the Group for like transactions and events in similar circumstances.

Unrealized gains arising from intercompany transactions with its associate and joint venture are eliminated to the extent of the Group's interest in the associate and joint venture. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at fair value and will subsequently be measured using the policy on financial assets. Any difference between the carrying amount of the associate and joint venture upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

<u>Interest in a Joint Operation</u>
The Group has an interest in a joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. The Group's interest in the joint arrangement is classified as a Joint Operation and recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line in its financial statements.

The financial statements of the joint operation are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies into line with those of the Group.

<u>Investment Property</u>
Property held for long-term rental and/or capital appreciation are classified as investment property. Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property, except land, is stated at cost, less any accumulated depreciation and amortization and any accumulated impairment in value. Land is stated at cost, less any accumulated impairment losses.

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

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner-occupation, commencement of an operating lease to another party or by the end of construction or development.

Depreciation of investment property is computed using the straight-line method over the estimated useful life of 35 years.

The useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from its investment property.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of such property and equipment when such cost is incurred if the recognition criteria are met.

Depreciation of property and equipment, other than land and identified development cost specific to the landfill cells, is computed using the straight-line method over the following estimated useful lives:

	Years
Condominium units and improvements	35
Development costs	5 to 15
Transportation and heavy equipment	5 to 10
Office furniture and fixtures	2 to 5
Leasehold improvements	5 or over the period of lease term, whichever is shorter

The Group's land used as sanitary landfill and identified development costs specific to the landfill cells are depreciated using the unit of production method (i.e., volume of landfill utilized over the total landfill utilization capacity).

The estimated salvage value, useful lives and depreciation method are reviewed periodically to ensure that the salvage value, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset (i.e., property and equipment, investment property, and investments in an associate and a joint venture) may be impaired. If any such indication exists, or when annual impairment testing for a nonfinancial asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased.

If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Investments in an associate and a joint venture
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of fair value less cost to sell or value-in-use) and the carrying value of the investments in an associate or a joint venture and recognizes the difference in profit or loss.

Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through performance of certain maintenance and monitoring functions at site for a minimum of ten (10) years. Although rehabilitation costs will only be incurred and paid when the last phases/cells of the landfill reach final waste elevation, the event that gives rise to the obligation is the actual development and operations conducted by the Group in the landfill.

The provision for rehabilitation is made based on historical experience and benchmarking of costs from other similar operations undertaken by companies within the same industry.

The estimated cost of Asset Rehabilitation Obligation was recognized by the Group as part of property and equipment under "ARO-Asset" account. The capitalized asset is depreciated on a straight-line basis over the period of expected utilization of the landfill. The amount of related obligation is recognized and carried at amortized cost using the effective interest method. The Group regularly assesses the sufficiency of provision for ARO-liability and adjusts the related liability for changes in estimates.

Equity

Capital stock

Capital stock is measured at par value for all shares issued and outstanding. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Retained earnings

Retained earnings represent the cumulative balance of net income or loss of the Group, net of any dividend declaration. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders, after adjustments for any unrealized items, which are considered not available for dividend declaration. Appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Equity reserve

Equity reserve pertains to the effect of reverse acquisitions and actuarial gains (losses) on defined benefit obligation.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in all of its revenue arrangements.

Income from tipping fee

Transaction price is determined to be the contract price stated in each contract service. Hauling of municipal residual waste to Morong Engineered Sanitary Landfill (the Facility) and use of LGU of the Facility is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from tipping fee is recognized at a point in time and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Composting/waste process

The transaction price is determined to be the contract price stated in each contract services. Each supply of labor, equipment, tools and expertise in transforming all the compostable waste material originated from a location into compost is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from composting/waste process is recognized over the time the related services are rendered and upon the customer’s simultaneous receipt of the services provided by the Group.

Consultancy/field services

The transaction price is determined to be the contract price stated in each contract service. The Group’s responsibility as the contractor to manage, operate, and maintain the principal's (IPMCDC) Material Recovery Facility is considered as a single performance obligation since two or more services are significantly affected by each other. Considering that the Group would not be able to fulfill its obligation by transferring each of the services independently, it is not necessary to allocate the transaction price. Income from consultancy/field services is recognized over the time the related services are rendered and upon the customer’s simultaneous receipt of the services provided by the Group.

Hauling income
The transaction price is determined to be the price stated in each contract service or work orders. Collection of residual waste from the customer's garbage room and its disposal is considered as a single performance obligation, therefore it is not necessary to allocate the transaction price. The service is capable of being distinct from the other services and the transaction price for each service is separately identifiable. Income from hauling services is recognized at a point in time the related services are rendered and when the Group satisfies a performance obligation by transferring a promised service to the customer.

Rental income
Rental income pertains to the transportation and heavy equipment leased out by the Group and a portion of its office space leased under cancellable operating lease. Rental income is recognized when earned over the time the related services are rendered.

Costs and Expenses
Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decrease in Group's equity, other than those relating to distributions to stockholders.

Cost of services
Cost of services include costs relating directly to a specific contract, costs that are attributable to a contract activity in general and can be allocated to the contract and other costs that can be charged to the customer under the contract.

These are recognized when incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

General and administrative expenses
General and administrative expenses are recognized in profit or loss in the period these are incurred and is measured based on the actual costs and valuation of goods or services used or consumed.

Retirement Cost
The Group has funded, non-contributory retirement plan, administered by a trustee, covering its regular employees. Retirement cost is actuarially determined using the projected unit credit method.

This method reflects service rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

Defined retirement costs comprise the following:

(a) Service costs
(b) Net interest on the net defined benefit liability
(c) Remeasurements of net defined benefit liability

Service costs which include current service cost and gains or losses on non-routine settlements are recognized as expense in profit or loss. These amounts are calculated periodically by independent qualified actuaries.

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

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit liability) are recognized immediately in OCI under "Actuarial gains (losses) on defined benefit plan" in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

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

Short-term Benefits

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

Taxes

Current tax

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

Deferred tax

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

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity, net of tax.

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

Value-Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

- When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position.
- When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Other Comprehensive Income
Other comprehensive income comprises items of income and expense (including items previously presented under the consolidated statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income includes actuarial gains and losses on defined benefit obligation. Other comprehensive income that will be reclassified subsequently to profit or loss is presented separately from other comprehensive income that will not be reclassified to profit or loss in the future.

Operating Segment
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Disclosure of segment information is presented in Note 24.

Provisions
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

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

Basic/Diluted Earnings Per Share (EPS)
EPS is computed by dividing net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year, with retroactive adjustments for any stock dividends declared.

3. Significant Accounting Judgments and Estimates

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

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

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

Identification of contract with customers and performance obligation under PFRS 15

The Group applies PFRS 15 guidance to a portfolio of contracts with similar characteristics as the Group reasonably expects that the effects on the financial statements if applying this guidance to the portfolio would not differ materially from applying this guidance to the individual contracts within that portfolio. The Group viewed each contract as a single performance obligation.

Assessment of principal vs agent on income from hauling services

The Group has contract with customers for the collection, hauling and disposal of municipal solid wastes including street sweeping. The Group acts as a principal and recognizes revenue at gross amount that is retained for these arrangements. Revenue is recognized at a point in time (i.e., upon receipt of the solid wastes) because this is when the customer benefits from the Group's hauling services. The following factors indicate that the Group control the services before they are being transferred to customers. Therefore, the Group determined that it is acting as a principal in these contracts.

- The Group is primarily responsible for fulfilling the promise to provide the hauling services to the customers.
- The Group is the entity primarily liable to customers in the event of default or non-performance.

Assessment of control

The Parent Company classifies its investee companies as subsidiary if the Parent Company achieves control over the companies. Control is presumed to exist if the Parent Company has the following characteristics:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies. BEST is the combining entity whose owners as a group received the largest portion of the voting rights in the Group, hence, is regarded as the accounting acquirer.

As of June 30, 2022 and December 31, 2021, BEST holds 60% interest in Ecoedge Resources Corporation (ERC), which is accounted as investment in a joint venture.

Joint control exists as decisions about the relevant activities of ERC require the unanimous consent of BEST and Lafarge Industrial Ecology International, S.A (LIEI), which is supported by the contractual agreement of the parties to the following:

- The affirmative vote of shareholders representing at least 75% of the issued share capital shall be required to pass a shareholders' resolution;
- ERC shall be governed by the BOD that will comprise five (5) directors (three (3) nominated by BEST and two (2) nominated by LIEI), whereby four (4) directors shall be required to pass a board resolution.

Assessment of significant influence
The Group classifies its investee companies as an associate if the Group has significant influence in the investee company. Significant influence is presumed to exist if the Group has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of June 30, 2022 and December 31, 2021, the Group holds 16% interest in Metro Clark Waste Management Corporation (MCWM), which is accounted as investment in an associate. The Group exercises significant influence in MCWM due to the presence of BEST's representatives in the Board of Directors of MCWM. Hence, BEST effectively has a participation in the policy-making processes of MCWM.

Accounting for PASSI Sanitary Landfill
The Group has made a judgment that the joint venture agreement on the design, construction, operation and maintenance of PASSI Sanitary Landfill (the Project) with the local government unit (LGU) is not scoped under IFRIC 12, *Service Concession Arrangements*. The Group has assessed that the agreement would be accounted for under PFRS 11, *Joint Arrangements* on the basis that joint control has been established albeit not being explicitly stated in the agreement since the key relevant activities of the Project are subject to approval of both parties. The joint venture agreement will be classified as a joint operation subject to line-by-line consolidation of each party.

The capitalized expenses on the construction costs of the sanitary landfill are recognized by the Group under Property and Equipment – Construction-in-progress (see Note 10).

Operating lease - Group as lessor
The Group has entered into various commercial property leases on its investment property and transportation and heavy equipment. The Group has determined that it retains all the significant risks and rewards of ownership of the property as the group considered, among others, the length of the lease term as compared with the estimated life of the assets. The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including economic consequence to the lessee.

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty as of the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below:

Allowance for expected credit losses on receivables
The Group uses a provision matrix to calculate ECLs for its receivables. The provision matrix is initially based on the Group's historically observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future.

The Group's trade receivables amounting to ₱791.72 million and ₱828.23 million are secured by shares of stocks of the Parent Company as of June 30, 2022 and December 31, 2021, respectively (see Note 15). These credit enhancements are considered in the calculation of ECL.

The allowance for expected credit losses on receivables amounted to ₱13.32 million as of June 30, 2022 and December 31, 2021. The carrying amounts of receivables amounted to 944.94 million and ₱952.75 million as of June 30, 2022 and December 31, 2021, respectively (see Note 5).

Estimation of Asset Rehabilitation Obligation (ARO-liability)
The Group is legally required to rehabilitate the land used as landfill through the performance of certain maintenance and monitoring functions at site. These costs are accrued based on internal estimates which include costs of certain environmental monitoring system costs (i.e., road, drainage, soil cover, greening costs and leachate management), cost for general administration (i.e., utilities and administration facilities), and security services.

The assumptions used to compute ARO-liability are reviewed and updated annually by the Group. As of June 30, 2022 and December 31, 2021, the cost of asset rehabilitation obligation is computed based on the Group's assessment on expected costs to be incurred and timing of rehabilitation procedures. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As of June 30, 2022 and December 31, 2021, the Group's ARO-liability has a carrying value of ₱29.08 million.

Determining Estimated Total Capacity, Utilized Capacity and Salvage Value of Land and Development Costs Used as Landfill
The Group estimates the capacity based on actual volume and compacted volume of trash received. For the salvage value of the land used as sanitary landfill, the Group bases its estimates on the latest appraisal report done by an external appraiser. Determined utilization rate is used to depreciate the land used as sanitary landfill and the related development cost. This rate is annually assessed and reviewed based on the actual utilization during the year including the remaining capacity of the landfill.

The Group reviews annually the utilization rate and salvage value of the land and development costs and factors that include asset use, internal technical evaluation, and technological and environmental changes, and anticipated use of the assets.

Impairment of nonfinancial assets (other than investments in an associate and a joint venture)
The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. The Group recognizes an impairment loss if such indications are present and whenever the carrying amount of an asset exceeds its recoverable amount.

This requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material adverse impact on the Group's financial condition and results of operations.

As of June 30, 2022 and December 31, 2021, the Group did not recognize any impairment loss on its nonfinancial assets. As of June 30, 2022 and December 31, 2021, the carrying values of the Group's nonfinancial assets are as follows:

	30-Jun-2022	31-Dec-2021
Property and equipment (Note 10)	**₱224,720,018**	₱222,313,441
Investment property (Note 9)	**102,571,391**	103,261,676
Other current assets (Note 6)*	**24,585,800**	12,319,367
Other noncurrent assets (Note 11)	**19,347,850**	18,240,255

**Excluding deposits*

Estimating retirement benefits
The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Recognition of deferred tax assets
The Group's assessment on the recognition of deferred tax assets on future deductible temporary differences and carry forward benefit of NOLCO is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Deferred tax assets as of June 30, 2022 and December 31, 2021 amounted to ₱10.25 million and ₱11.33 million, respectively (see Note 20).

4. Cash

	30-Jun-2022	31-Dec-2021
Cash on hand	**₱2,210**	₱97,210
Cash in banks	**10,359,180**	6,991,534
	₱10,361,390	₱7,088,744

Cash in banks earn interest at the prevailing bank deposit rates.

5. **Receivables - net**

Current receivables

	30-Jun-2022	31-Dec-2021
Trade receivables		
Related parties (Note 15)	**₱896,091,051**	₱914,161,831
Local government units (LGUs) (Note 22)	**31,804,360**	24,032,385
Private entities	**24,093,295**	23,646,843
	951,988,706	961,841,059
Loans receivable (Note 15)	**–**	–
Advances to officers and employees	**2,544,857**	2,392,562
Others	**3,729,262**	1,839,976
	958,262,825	966,073,597
Less allowance for expected credit losses	**13,323,318**	13,323,318
	₱944,939,507	₱952,750,279

Trade receivables pertain to receivables from services rendered and rental of equipment by BEST in the ordinary course of its business operations. Trade receivables are noninterest-bearing and collectible on demand.

Advances to officers and employees mainly pertain to various advances for performance bond in relation to bidding activities of BEST. These are noninterest-bearing and subject to liquidation within one year.

Other receivables includes receivables of the Parent Company, fully provided with allowance for expected credit losses.

Noncurrent receivables

	30-Jun-2022	31-Dec-2021
Loan receivables – related party (Note 15)	**₱31,000,000**	₱31,000,000
Interest receivable – related party (Note 15)	**9,160,660**	8,570,500
	₱40,160,660	₱39,570,500

Allowance for expected credit losses as of June 30, 2022 and December 31, 2021 pertains to long-outstanding trade and other receivables of the Group which were determined to be credit impaired and with expected credit losses assessed by the management.

6. **Other Current Assets**

	30-Jun-2022	31-Dec-2021
Deferred input VAT	**₱7,878,342**	₱5,694,360
Input VAT	**5,798,508**	4,018,421
Prepayments	**10,811,285**	3,775,531
Creditable withholding taxes	**5,799,293**	4,532,683
Deposits	**269,520**	269,520
	30,556,948	18,290,515
Less allowance for impairment losses	**5,971,148**	5,971,148
	₱24,585,800	₱12,319,367

Input VAT represents VAT paid by the Group on its purchases of goods and services from VAT-registered suppliers. This is available for offset against output VAT.

Creditable withholding taxes are applied against income tax payable.
Prepayments include advanced payment to the supplier for the services to be rendered in relation to the development of a software application of the Group.

Deferred input VAT pertains to VAT of unpaid purchases as of reporting period.

The Group provided allowance for impairment on its creditable withholding taxes and input VAT due to low probability that these assets may be utilized in the future.

7. **Investments in an Associate and a Joint Venture**

The details of the Group's investments in an associate and a joint venture accounted for under the equity method as of June 30, 2022 and December 31, 2021 follow:

	Associate		**Joint Venture**			
	Metro Clark Waste Management Corp. (MCWM)		**Ecoedge Resources Corporation (ERC)**		**Total**	
	30-Jun-22	31-Dec-21	**30-Jun-22**	31-Dec-21	**30-Jun-22**	31-Dec-21
Cost	**₱32,393,358**	₱32,393,358	**₱-**	₱51,412,499	**₱32,393,358**	₱83,805,857
Accumulated share in net earnings (losses):						
Balance at beginning of year	**132,879,852**	91,795,532	-	(51,406,638)	**132,879,852**	40,388,894
Equity in net earnings (losses) of an associate and a joint venture	-	53,884,320	-	(5,861)	-	53,878,459
Dividends during the year	**(6,400,000)**	(12,800,000)	–	–	**(6,400,000)**	(12,800,000)
Balance at end of period	**126,479,852**	132,879,852	-	(51,412,499)	**126,479,852**	81,467,353
	₱158,873,210	₱165,273,210	**₱–**	₱–	**₱158,873,210**	₱165,273,210

<u>MCWM</u>
MCWM was incorporated on March 6, 2002 with the primary purpose of managing, supervising and operating a waste management system for the efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of commercial, industrial and other waste garbage, refuse and similar items and engaging in related activities. The registered business address of MCWM is at Clark Special Economic Zone, Clark Field Pampanga. As of June 30, 2022 and December 31, 2021, the Group's dividend income from investment in an associate amounted to ₱6.40 million ₱12.80 million respectively.

<u>ERC</u>
On November 6, 2013, BEST entered into a joint venture agreement with Lafarge Industrial Ecology International, S.A. (LIEI) to organize and establish ERC to engage in the development, utilization of renewable energy sources for non-power applications, and in particular, the production, processing, packaging, distribution and/or sale of fuel generated from municipal solid waste, such as refuse derived fuel, and pursuant thereto, to establish renewable energy systems or facilities, and to engage in any activity pursuant or incidental thereto. ERC was incorporated on November 27, 2013 and its registered address is at Unit 103, GF Prestige Tower Condominium, F. Ortigas Jr. Avenue, Ortigas Center, Pasig City.

8. **Deposits**

As of June 30, 2022 and December 31, 2021, BEST has deposits to GSIS as surety bond amounting to ₱1.99 million. These deposits were made in favor of BEST's contracting parties, which are government offices, so that the completion of the project is guaranteed. If the Group fails to execute the services according to the specifications laid out in the respective contracts, the government offices will receive guaranteed compensation for any monetary loss up to the amount of the performance bond. Interest income from deposits amounted to ₱0.23 million in 2019 (nil in 2021 and 2020).

9. Investment Property

10.

	30-Jun-2022		
		Condominium	
	Land	**Unit**	**Total**
Cost			
Beginning and end of period	**₱70,320,000**	**₱44,762,040**	**₱115,082,040**
Accumulated depreciation			
Balance at beginning of year	**–**	**11,820,364**	**11,820,364**
Depreciation (Note 17)	**–**	**690,285**	**690,285**
Balance at end of period	**–**	**12,510,649**	**12,510,649**
Net book value	**₱70,320,000**	**₱32,251,391**	**₱102,571,391**

	31-Dec-2021		
		Condominium	
	Land	Unit	Total
Cost			
Balance at end of year	₱70,320,000	₱44,762,040	₱115,082,040
Accumulated depreciation			
Balance at beginning of year	–	10,439,794	10,439,794
Depreciation (Note 17)	–	1,380,570	1,380,570
Balance at end of year	–	11,820,364	11,820,364
Net book value	₱70,320,000	₱32,941,676	₱103,261,676

Land pertains to a property located in Taytay, Rizal with currently undetermined use as of June 30, 2022 and December 31, 2021.

For land property, the sales comparison approach was used in determining the fair value which considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. For building properties, the income approach was used in determining the fair value which is a method in which the appraiser derives an indication of value for income producing property by converting anticipated future benefits into current property value.

The fair value of the investment property is categorized as Level 3 which used adjusted inputs for valuation that are unobservable as of the date of valuation. The inputs used were asking prices of similar listings and offerings. Significant increases or decreases in asking price would result in higher or lower fair value of the asset.

11. Property and Equipment

	30-June-2022								
	Land	**Condominium Unit and Improvements**	**Transportation and Heavy Equipment**	**Office Furniture and Fixtures**	**Development Costs**	**Leasehold Improvements**	**ARO-Asset** (Note 22)	**Construction in Progress** (Note 11)	**Total**
Cost									
At January 1	**₱133,414,160**	**₱30,829,613**	**₱124,224,371**	**₱8,333,881**	**₱230,943,937**	**₱793,187**	**₱-**	**₱3,380,207**	**₱531,919,356**
Additions	**2,500,000**	**–**	**-**	**19,607**	**10,404,033**	**–**	**–**	**4,271,022**	**17,194,662**
Reclassifications	–	–	–	–	**-**	**–**	**–**	**-**	–
Other adjustments	–	–	–	–	–	–	**-**	–	**-**
At June 30, 2022	**135,914,160**	**30,829,613**	**124,224,371**	**8,353,488**	**241,347,970**	**793,187**	**-**	**7,651,229**	**549,114,018**
Accumulated Depreciation and Amortization									
At January 1	**15,404,679**	**8,872,866**	**119,781,036**	**6,431,775**	**158,480,852**	**634,707**	**-**	**–**	**309,605,916**
Depreciation and amortization (Notes 17 and 18)	**2,167,530**	**449,918**	**1,165,527**	**1,432,958**	**9,492,834**	**79,320**	**-**	**–**	**14,788,084**
Other adjustments	**-**	–	–	–	–	–	**-**	–	**-**
At June 30, 2022	**17,572,209**	**9,322,784**	**120,946,563**	**7,864,733**	**167,973,686**	**714,027**	**-**	**–**	**324,394,000**
Net Book Value	**₱118,341,951**	**₱21,506,829**	**₱3,277,808**	**₱488,755**	**₱73,374,284**	**₱79,160**	**₱–**	**₱7,651,229**	**₱224,720,018**

	31-Dec-2021								
		Condominium Unit and Improvements	Transportation and Heavy Equipment	Office Furniture and Fixtures	Development Costs	Leasehold Improvements	ARO-Asset (Note 22)	Construction in Progress (Note 11)	Total
Cost									
At January 1	₱114,360,660	₱30,829,613	₱123,814,371	₱4,515,238	₱153,204,376	₱793,187	₱14,202,829	₱31,894,934	₱473,615,208
Additions	19,053,500	–	410,000	3,818,643	–	–	–	49,224,834	72,506,977
Reclassifications	–	–	–	–	77,739,561	–	–	(77,739,561)	–
Other adjustments	–	–	–	–	–	–	(2,879,522)	–	(2,879,522)
At December 31	133,414,160	30,829,613	124,224,371	8,333,881	230,943,937	793,187	11,323,307	3,380,207	543,242,663
Accumulated Depreciation and Amortization									
At January 1	15,411,954	7,973,011	108,180,488	4,515,058	143,802,799	476,070	13,492,687	–	293,852,067
Depreciation and amortization (Notes 17 and 18)	–	899,855	11,600,548	1,916,717	14,678,053	158,637	710,142	–	29,963,952
Other adjustments	(7,275)	–	–	–	–	–	(2,879,522)	–	(2,886,797)
At December 31	15,404,679	8,872,866	119,781,036	6,431,775	158,480,852	634,707	11,323,307	–	320,929,222
Net Book Value	₱118,009,481	₱21,956,747	₱4,443,335	₱1,902,106	₱72,463,085	₱158,480	₱–	₱3,380,207	₱222,313,441

The Group's property and equipment have no restrictions nor pledged as security for any liability.

Joint Operation
On September 25, 2019, the Group entered into an agreement with the City of Passi, Iloilo, a local government unit and a political subdivision of the Government of the Republic of the Philippines. The Project shall comprise of the planning, preparation, development, financing, engineering, construction, procurement, and installation of the Passi City Integrated Waste Management Facility, as well as its management, operation, maintenance, and physical closure, thereafter, including the transfer of the sanitary landfill upon termination date of the agreement. The Project shall be utilized as the final disposal site for solid waste generated by the members of the Passi City Cluster of LGUs (CLGU). The Project site comprises of a parcel of land in Passi City, Iloilo, owned by the CLGU. The Group shall undertake the financing, design, engineering, construction and installation of the sanitary landfill, as well as its operation and maintenance, and conduct its physical closure and turn over to the CLGU at the termination of the agreement. In consideration of the services to be provided by the Group, the CLGU shall pay the Group, on a monthly basis, a tipping fee per metric ton of solid waste disposed to the sanitary landfill. The parties shall have the following pro-rata participation interest of 82:18 (BEST:CLGU) based on the annual net income after tax of the Project. The agreement shall become effective upon signing date and will expire on the date when the sanitary landfill has been utilized up to its maximum capacity.

In 2019, the Group has started the design and engineering of the sanitary landfill and has capitalized expenses amounting to ₱45.84 million and ₱31.89 million as part of Development Cost in 2021 and 2020, respectively. The Passi City Integrated Waste Management Facility opened in 2021.

The Group classified its joint arrangement with the CLGU as "Joint Operation" since the joint arrangement's legal form does not confer separation between the parties and separate vehicle, the parties have the rights to the assets and obligations for the liabilities in proportion to the interests agreed by parties and there is an indication that the parties have no rights to the net assets of the Joint Operation.

12. **Other Noncurrent Assets**

	30-Jun-2022	32-Dec-2021
Advances to landowners	**₱12,000,000**	₱12,000,000
Intangible assets	**7,347,850**	6,240,255
Total	**₱19,347,850**	₱18,240,255

Advances to landowners pertain to downpayment on purchase of land with a total purchase price of ₱69.55 million.

Intangible assets pertain to My Basurero App which was completed towards the end of 2021 and partnered to bXTRA wherein the customers earn cashback for every waste disposal.

13. Trade and Other Payables

	30-Jun-2022	31-Dec-2021
Trade payables		
Related parties (Note 15)	**₱5,214,643**	₱15,505,053
Third parties	**1,082,185**	10,333,101
	6,296,828	25,838,154
Deferred output VAT	**102,083,899**	103,098,822
Payable to government agencies	**14,893,049**	10,674,391
Accrued expenses	**7,185,709**	1,536,333
	₱130,459,485	₱141,147,700

Trade payables comprise of payables in the contracting and consulting operations of BEST to provide waste disposal services. These are noninterest-bearing and are due and demandable.

Payable to government agencies pertain to documentary stamp tax, withholding tax on compensation and expanded withholding tax. These also include liabilities arising from contributions to Social Security System, Philippine Health Insurance Corporation and Home Development Mutual Fund, which are remitted within one month from the reporting period.

Accrued expenses pertain to accruals of professional fees, salaries and wages and professional services which are normally settled within 12 months.

14. Loan Payable

On November 5, 2015, BEST obtained a loan from a local bank for working capital requirements amounting to ₱100.00 million and is due for settlement on October 20, 2016. The loan is unsecured and with interest rate of 4.00% per annum. The interest on loan is paid on a monthly basis and the principal was rolled over prior to its maturity.

On April 30, 2019, May 24, 2019 and October 29, 2019, BEST paid ₱2.00 million each for the principal amount of the loan. The remaining ₱90.00 million was renewed in 2020 and 2021 and will mature in September 2022.

Principal amount renewed bears interest payable monthly in arrears. Interest from November 21, 2019 to December 20, 2019 (29 days) shall be at 7.00% per annum. Payment of interest shall commence on November 21, 2019 and every month, thereafter until fully paid at prevailing rate. Interest expense on loan payable amounted to ₱5.19 million, ₱5.82 million, and ₱6.54 million and in 2021, 2020 and 2019, respectively.

As of June 30, 2022 and December 31, 2021 and 2020, the outstanding balance of loan payable amounted to ₱87.00 million and ₱88.00 million, respectively. Interest rate is at 5.50% per annum.

The Group paid a portion of the outstanding principal amounting to ₱1.00 million and the remaining balance of ₱87.00 million was extended until September 2022.

15. **Equity**

Capital Stock

The authorized capital stock of the Parent Company with ₱1 par value per share as of June 30, 2022 and December 31, 2021 follows:

Authorized number of shares:	
At the beginning and end of the year	740,000,000
Number of shares issued and outstanding:	
At the beginning and end of the year	690,000,000

In accordance with Annex 68-K of Revised SRC Rule 68, below is a summary of the Parent Company's track record of registration of securities.

Common Shares	Number of Shares Registered	Issue /Offer Price	Date of Approval
180,000,000	180,000,000	₱1.00	August 31, 1995
10,000,000	10,000,000	1.00	April 14, 2010
500,000,000	500,000,000	1.00	June 11, 2013
690,000,000	690,000,000		

The Parent Company's total number of shareholders is 114 as of June 30, 2022 and December 31, 2021.

On May 25, 2016, the stockholders approved the increase in the Parent Company's authorized capital stock to an amount of up to ₱7.50 billion consisting of common and/ or preferred shares as may be determined by the BOD. As of June 30, 2022, the Parent Company has not yet filed its application for the increase in authorized capital stock with the SEC.

The Parent Company's unissued authorized capital stock amounted to ₱50,000,000 as of June 30, 2022 and December 31, 2021.

Retained Earnings

For purposes of dividend declaration, the retained earnings shall be that of the Parent Company presented in the separate financial statements. As of June 30, 2022 and December 31, 2021, the Parent Company is in a deficit position, hence, no dividends were declared during the years covered.

The details of the Parent Company's deficit follows:

	30-Jun-2022	31-Dec-2021
Balance at beginning of year	**₱222,968,717**	₱219,432,831
Net loss during the year	**1,395,553**	3,535,886
	₱224,364,270	₱222,968,717

16. **Related Party Transactions**

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

The coverage of the Group's Material Related Party Transactions (RPT) are any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on the latest audited financial statement. Transactions amounting to ten percent (10%) or more of the total consolidated assets that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process required in the Group's policy.
The Group has a Related Party Transaction Committee tasked with reviewing all Material RPTs which should be composed of at least three non-executive directors, two of whom should be independent, including the Chairman. After the review and evaluation of the Material RPTs, the committee shall endorse the same to the Board of Directors for approval.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Group's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The following table provides the total amount of transactions and outstanding balances that have been entered into with related parties for the relevant financial year:

30-Jun-2022

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	**₱121,235**	**₱215,746,353**	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	**-**	**576,000,000**	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	**–**	**34,687**	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	**13,258,929**	**104,287,387**	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	**4,777**	**22,624**	Noninterest-bearing; on demand	Unsecured, no impairment
		₱896,091,051		

Loans receivable (Note 5)				
Joint venture				
ERC (e)	**₱–**	**₱31,000,000**	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	**295,080**	**9,160,660**	Within five years	Unsecured, no impairment
		₱40,160,660		
Trade payables (Note 12)				
Shareholder				
IPMCDC (g)	**₱-**	**₱5,214,643**	Noninterest-bearing; on demand	Unsecured
		₱5,214,643		

31-Dec-2021

Category	Amount	Outstanding Balance	Terms	Conditions
Trade receivables (Note 5)				
Shareholders				
IPMCDC (a)	₱1,165,179	₱214,485,217	Noninterest-bearing; within one year	Secured, no impairment
IPMESI (c)	30,000,000	613,745,655	Noninterest-bearing; on demand	Secured, no impairment
IPMRDC (d)	–	34,687	Noninterest-bearing; on demand	Unsecured, no impairment
Affiliate				
JV BEST Inc. & IPMCDC (b)	144,642,857	85,878,424	Noninterest-bearing; on demand	Unsecured, no impairment
Joint Venture				
ERC (e)	53,571	17,847	Noninterest-bearing; on demand	Unsecured, no impairment
		₱914,161,830		
Loans receivable (Note 5)				
Joint venture				
ERC (e)	₱–	₱31,000,000	Interest-bearing; within five years	Unsecured, with impairment
Interest receivable (Note 5)				
ERC (f)	1,180,320	8,570,500	Within five years	Unsecured, no impairment
		₱39,570,500		
Trade payables (Note 12)				
IPMCDC (g)	₱140,416,644	₱15,519,383	Noninterest-bearing; on demand	Unsecured
Accrued expenses			Noninterest-bearing; on demand	Unsecured
Affiliate				
GNCA Holdings, Inc. (GNCA) (h)	180,000	–	Noninterest-bearing; on demand	Unsecured
BOD (i)	540,000	–	Noninterest-bearing; on demand	Unsecured
		₱15,519,383		

a. BEST provides composting of waste materials services to IPMCDC and charges composting and waste processing fees based on a fixed contract price specified in the composting agreement. In 2021 and 2020, BEST charged IPMCDC for transportation and heavy equipment rental fees.

   In 2019, BEST agreed with IPMCDC that receivables will be payable upon demand. Further, on December 27, 2019, BEST entered into a memorandum of agreement (MOA) wherein IPMCDC assigned 54,200,000 shares of the Parent Company (IPMHI) to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMCDC due to be paid in installment until 2023.

b. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. The service agreement has been renewed from February 1, 2021 to January 31, 2022. As of June 30, 2022 and December 31, 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱72.32 million and ₱144.64 million, respectively. (see Note 22).

c. In prior years, IPMESI has contracted BEST for the operation and maintenance of an Integrated Solid Waste Management Facility for a fixed monthly fee of ₱15.58 million. The contract was terminated in August 2017 and was not renewed in 2018 (see Note 22). On April 26, 2018, BEST entered into a MOA with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares, respectively, of the Parent Company to guarantee BEST's receivables from IPMESI amounting to ₱693.75 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMESI due to be paid in installment until 2026. In 2021 and 2020, BEST collected ₱30.00 million and ₱50.00 million from IPMESI, respectively.

d. In 2021 and 2020, IPMRDC has not renewed its lease agreement with BEST.

e. In January 2017, BEST entered into a contract of lease with ERC, whereby the latter, shall lease a portion of BEST's office space. The lease term is until December 31, 2018, renewable upon mutual agreement by the parties. The lease agreement has been renewed in 2021 until December 31, 2022.

f. In 2014, BEST granted loans to ERC amounting to ₱19.00 million with 3.864% interest rate per annum and ₱12.00 million with 3.718% interest rate per annum which are due and demandable.

   In 2018, BEST agreed with ERC the fixing of date of collection of the former's receivable from the latter. Receivables pertaining to interest receivables amounting to ₱3.00 million are collectible within (1) year. The principal amounting to ₱31.00 million and interest receivable amounting to ₱2.03 million are collectible within five (5) years from 2018.

   In 2019, BEST agreed with ERC that the principal balance amounting to ₱31.00 million and interest receivable amounting to ₱6.21 million are collectible within five (5) years. Loan receivable from ERC amounted to ₱31.00 million as of December 31, 2021 and 2020.

g. IPMCDC charges BEST for the rental of equipment, subcontracted services, salaries and wages, fuel and oil and repairs and maintenance costs incurred in line with the operations of BEST (see Note 17).

   On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid

   Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month.

h. The Parent Company entered into an agreement with GNCA, an entity controlled by one of the Parent Company's director, for the sharing of common costs incurred on the leased office space of the Parent Company. The agreement provides that Parent Company shall pay fixed monthly utility charges of ₱15,000 in 2022 and 2021, in lieu of its proportionate share in monthly rentals on the leased premises.

i. In 2013, the BOD of the Parent Company approved the grant of per diem to members of the BOD for every attendance in the regular meetings of the BOD.

   On June 27, 2018, the BOD approved the 100% increase in the *per diem* of each director. Total per diem paid to the directors amounted to ₱0.24 million and ₱0.62 million, respectively (see Note 18).

17. Revenues from Contracts with Customers

	Quarters Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Hauling Income	**₱43,581,175**	₱43,451,261	**₱88,191,969**	₱86,234,044
Income from tipping fee	**25,975,864**	₱24,839,094	**54,395,803**	₱49,170,255
Consultancy Services	**2,138,925**	-	**4,277,850**	-
Trash to cashback	**869,241**	-	**1,254,155**	-
	₱72,565,205	₱68,296,355	**₱148,119,777**	₱135,404,299

Income from tipping fee are the fees charged by the Group to customers, usually LGUs, for the given quantity of residual wastes received at the landfill facility.

Hauling income pertains to the house to house collection of garbage and delivery to the sanitary landfill of the waste collected. On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in CDO from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. In 2020, BEST reported an income from this agreement which amounted to ₱132.59 million. On January 11, 2021, the service agreement between IPMCDC and BEST's JV and BEST has been renewed to twelve months, starting January 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. (see Note 22).

Consultancy/field services pertains to the Group's revenue from maintaining IPMCDC and Passi's landfill facilities. During the year, the Group's income from consultancy services resulted from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

17. Cost of Services

	Quarters Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Contract costs (Note 17)	**₱35,621,068**	₱33,482,143	**₱71,242,136**	₱66,964,286
Depreciation and amortization	**8,748,490**	6,865,056	**14,218,168**	12,779,475
Rent	**5,837,688**	5,167,946	**11,757,420**	9,540,804
Salaries and wages	**3,037,221**	2,849,895	**6,195,733**	5,027,688
Fuel and oil	**2,240,976**	591,027	**3,426,661**	1,105,462
Security and janitorial	**605,620**	500,859	**894,946**	873,130
Transportation and travel	**768,120**	102,283	**806,961**	556,462
Utilities	**195,616**	162,337	**288,268**	216,800
Taxes and licenses	**449,865**	2,826,549	**978,768**	5,895,177
Supplies	**157,830**	(642,579)	**304,689**	355,927
Repairs and maintenance	**211,908**	192,274	**778,016**	245,772
Entertainment, amusement and recreation	**-**	854,262	**-**	1,112,820
Professional fees	**-**	(150,000)	**-**	267,857
Others	**2,824,443**	589,577	**5,178,684**	3,077,772
	₱60,698,845	₱53,391,629	**₱116,070,450**	108,019,431

Others include professional fees, management fees, bid expenses and documentation fees.

18. General and Administrative Expenses

	Quarters Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
Salaries and wages	₱3,341,382	₱3,073,666	₱6,117,717	₱5,819,534
Professional fees	**623,295**	(1,730,000)	**949,009**	(1,138,535)
Depreciation	**630,101**	598,089		1,168,390
Taxes and licenses	**1,401,382**	1,255,147	**2,140,711**	3,631,111
Entertainment, amusement and recreation	**120,822**	258,465	**490,146**	536,264
Transportation and travel	**28,613**	26,333	**53,139**	63,685
Repairs and maintenance	**125,463**	30,081	**235,571**	273,054
Directors' per diem	**240,000**	160,000	**240,000**	320,000
Utilities	**99,825**	122,055	**191,393**	234,447
Stock exchange listing fee	**121,612**	140,138	**243,225**	277,275
Fuel and oil	**161,431**	98,955	**242,567**	182,428
Office supplies	**138,760**	146,700	**227,439**	287,350
Retirement Benefits	**150,000**	-	**200,000**	-
Rent	**135,756**	60,714	**181,291**	106,250
Insurance	**78,245**	-	**78,245**	26,400
Miscellaneous	**240,656**	500,396	**654,661**	645,584
	₱7,637,343	₱4,740,738	**₱13,505,317**	₱12,433,238

19. Pension Plan

The Group has a funded, non-contributory defined benefit pension plan that covers all regular full-time employees. Under its defined benefit plan, the Group provides a retirement benefit equal to 22.5 days' pay for every year of credited service in accordance with the Retirement Pay Law (RA 7641). The benefit is paid lump sum upon retirement or separation in accordance with the terms of the plan. The law does not require minimum funding of the plan.

The Group's retirement fund is administered by Metropolitan Bank and Trust Company (the Trustee) under the supervision of the Board of Trustees (BOT) of the plan which delegates the implementation of the investment policy to the Trustee. The fund is subject to the investment objectives and guidelines established by the Trustee and rules and regulations issued by Bangko Sentral ng Pilipinas covering assets under trust and fiduciary agreements. The Trustee is responsible for the investment strategy of the plan.

The latest actuarial valuation date of the Group's retirement plan is as of December 31, 2021.

The following tables summarize the components of plan expense recognized in profit or loss and other comprehensive income and the funded status and amounts recognized in the consolidated statements of financial position for the plan:

	30-Jun-22		
	Present value of defined benefit obligation	**Fair value of plan assets**	**Net pension liability**
At January 1	**₱3,847,511**	**(₱385,202)**	**₱3,462,309**
Benefit cost in profit or loss			
Current service cost (Note 18)	**(500,000)**		**(500,000)**
Net interest expense (income) (Note 18)	-	-	-
	3,347,511	-	**2,962,309**
Remeasurements in other comprehensive income	-	-	-
Actuarial loss - changes in experience			
At June 30, 2022	**₱3,347,511**	**(₱385,202)**	**₱2,962,309**

	31-Dec-2021		
	Present value of defined benefit obligation	Fair value of plan assets	Net pension liability
At January 1	₱2,834,500	(₱383,976)	₱2,450,524
Benefit cost in profit or loss			
Current service cost (Note 18)	524,809	–	524,809
Net interest expense (income) (Note 18)	99,774	(13,516)	86,258
	624,583	(13,516)	611,067
	3,459,083	(397,492)	3,061,591
Remeasurements in other comprehensive income			
Remeasurement loss - return on plan asset	–	12,290	12,290
Actuarial loss - changes in financial assumptions	(268,027)	–	(268,027)
Actuarial loss - changes in experience	656,455	–	656,455
	388,428	12,290	400,718
At December 31	₱3,847,511	(₱385,202)	₱3,462,309

20. Basic/Diluted Earnings per Share

Basic/diluted earnings per share was computed as follows:

	Quarters Ended June 30		**Six Months Ended June 30**	
	30-Jun-2022	30-Jun-2021	**30-Jun-2022**	30-Jun-2021
Net income attributable to equity holders of the parent company (a)	**₱1,983,582**	₱5,549,630	**₱10,109,830**	7,670,669
Weighted average number of outstanding common share (b)	**690,000,000**	690,000,000	**690,000,000**	690,000,000
Basic earnings per share (a/b)	**₱0.003**	₱0.10	**₱0.01**	₱0.01

The basic EPS is equal to the diluted EPS since the Group has no potential shares that will have a dilutive effect on EPS.

21. **Commitments**

As of June 30, 2022 and December 31, 2021, the Group has the following contractual commitments:

- The Group has entered into a contractual agreement with IPMCDC, the ultimate parent, to undertake the following:

  a. Composting of waste materials from Pasig City and Pasay City that is being renewed every year. Income from composting amounted to ₱9.00 million and ₱12.00 million in 2020 and 2019, respectively (see Note 15). As of June 30, 2022 and December 31, 2021, there were no remaining contractual obligations.

  b. Consultancy and field services in IPMCDC's Materials Recovery Facility (MRF) that is being renewed every year. In July 2015, the Group entered into new consultancy services contracts with IPMCDC for the monitoring of efficiency of the latter's operation and compliance with rules and regulations on IPMCDC's contract with several local cities. In 2020, the Group has no income from consultancy services due to the end of the contract with IPMCDC. The Group recognized income amounting ₱3.56 million in 2021, arising from the operation and maintenance of Passi Integrated Waste Management Facility (see Note 15).

  c. In 2020, BEST entered into a Joint Venture Agreement (JVA) with IPMCDC for the purpose of collection, hauling and disposal of municipal solid wastes including street sweeping in Cagayan de Oro City (CDO) for twelve (12) months beginning February 1, 2020. The agreement was renewed for another 12 months until January 31, 2022. The JV between BEST and IPM CDC was registered as a taxable entity in 2020.

     On August 28, 2020, IPMCDC and BEST's JV has entered into a service agreement with BEST for hauling services in Cagayan de Oro City (CDO) from February 1, 2020 to January 31, 2021 at a price not to exceed ₱13.50 million (VAT inclusive) per month. As of June 30, 2022 and December 31, 2021, BEST reported an income from hauling and waste collection in CDO amounting to ₱72.32 million and ₱144.64 million, respectively.

     On August 28, 2020, BEST has entered into a service agreement with IPMCDC to supply the necessary equipment and manpower requirements of the Group in order to efficiently undertake the works and services for collection, hauling and disposal of Municipal Solid Waste in Cagayan de Oro from February 1, 2020 to January 31, 2021 at a price not to exceed ₱12.50 million (VAT inclusive) per month.

- On June 19, 2019, BEST entered into a contract of lease with Megaxcess IT Solutions for a period of two (2) years beginning July 1, 2019 until June 30, 2021 whereby the latter shall lease a portion of BEST's office space. The rent income recognized during 2021, 2020 and 2019 from this agreement amounted to ₱2.45 million, ₱2.45 million and ₱1.63 million, respectively.

22. Financial Risk Management Objectives and Policies

The Group's principal financial assets and liabilities comprise of cash, receivables, deposits, due to/from related parties, trade and other payables (excluding payable to government agencies) and loans payable. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has established a risk management function with clear terms of reference and with the responsibility for developing policies on credit risk and liquidity risk. It also supports the effective implementation of such policies. The policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets to the corporate goals and specify reporting requirements.

The main risk arising from the Group's consolidated financial statements are credit risk and liquidity risk. The BOD reviews and approves the policies for managing each of these risks which are summarized below:

Credit risk

Credit risk arises when the counterparty to a financial asset of the Group is unable to fulfill its obligation in time the obligation becomes due. Credit risk arises from the Group's financial assets, which comprise cash, receivables and deposits. Credit risk pertains to the risk that a party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

The table below shows the maximum exposure to credit risk of the financial assets of the Group:

30-Jun-2022

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	**₱10,359,180**	**₱–**	**₱10,359,180**	**₱–**
Receivables:				
Trade				
Related parties	**896,091,051**	**1,079,400,000**	**–**	**896,091,051**
LGUs	**24,093,295**	**–**	**24,093,295**	**–**
Private Entities	**31,804,360**	**–**	**31,804,360**	**–**
Loan	**31,000,000**	**–**	**31,000,000**	**–**
Interest	**9,160,660**	**–**	**9,160,660**	**–**
Deposits	**1,988,034**	**–**	**1,988,034**	**–**
	₱1,004,496,581	**₱1,079,400,000**	**₱108,405,530**	**₱896,091,051**

**Excluding cash on hand.*

3-Dec-2021

	Gross Maximum Exposure	Fair Value of Collateral	Net Exposure	Financial Effect of Collateral
Financial assets at amortized cost				
Cash*	₱6,991,534	₱–	₱6,991,534	₱–
Receivables:				
Trade				
Related parties	914,161,831	1,077,380,366	–	914,161,831
LGUs	24,032,385	–	24,032,385	–
Private Entities	23,646,843	–	23,646,843	–
Loan	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	–	1,988,034	–
	₱1,010,391,127	₱1,077,380,366	₱96,229,296	₱914,161,831

**Excluding cash on hand.*

On April 26, 2018, BEST entered into a Memorandum of Agreement with IPMESI and IPMRDC wherein the latter assigned 65,000,000 shares and 35,000,000 shares of the Parent Company, respectively, to guarantee BEST's receivables from IPMESI amounting to ₱693.74 million (see Notes 5 and 15). On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMESI due to be paid in installment until 2026. The agreement is valid, binding and in full force and effect until the secured obligations are fully paid by IPMESI. IPMESI committed to pay its total liability to BEST.

In March 2020, BEST entered into a Memorandum of Agreement with IPMCDC wherein the latter assigned 54,200,000 shares of the Parent Company, to guarantee BEST's receivables from IPMCDC amounting to ₱314.45 million. On March 31, 2022, management executed a supplement to the original MOA for the extension of the guarantee and restructuring of the receivables from IPMCDC due to be paid in installment until 2023.

The fair value of the collateral pertaining to the shares of IPMHI, net of costs to sell, as June 30, 2022 and December 31, 2021 amounted to ₱1,079.40 million and ₱1,077.38 million, respectively.

Credit Quality. The financial assets of the Group are grouped according to stage whose description is explained as follows:

Stage 1 - Those that are considered current and up to 120 days past due, and based on change in rating, delinquencies and payment history, do not demonstrate significant increase in credit risk.

Stage 2 - Those that, based on change in rating, delinquencies and payment history, demonstrate significant increase in credit risk, and/or are considered more than 120 days past due but does not demonstrate objective evidence of impairment as of reporting date.

Stage 3 - Those that are considered in default or demonstrate objective evidence of impairment as of reporting date.

The table below shows determination of ECL stage of the Group's financial assets:

	30-Jun-2022			
		Stage 1	**Stage 2**	**Stage 3**
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	**₱10,359,180**	**₱10,361,390**	**₱–**	**₱–**
Receivables				
Trade	**951,988,707**	**30,359,168**	**912,663,928**	**8,965,611**
Loans	**31,000,000**	**–**	**31,000,000**	**–**
Interest	**9,160,660**	**–**	**9,160,660**	**–**
Deposits	**1,988,034**	**1,988,034**	**–**	**–**
	₱1,004,496,581	**₱42,708,592**	**₱952,824,588**	**₱8,965,611**

excluding cash on hand

	31-Dec-2021			
		Stage 1	Stage 2	Stage 3
	Total	12-month ECL	Lifetime ECL	Lifetime ECL
Financial Assets at Amortized Cost				
Cash*	₱6,991,534	₱6,991,534	₱–	₱–
Receivables				
Trade	961,841,059	40,211,520	912,663,928	8,965,611
Loans	31,000,000	–	31,000,000	–
Interest	8,570,500	–	8,570,500	–
Deposits	1,988,034	1,988,034	–	–
	₱1,010,391,127	₱49,191,088	₱952,234,428	₱8,965,611

**excluding cash on hand*

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group also ensures that there are sufficient, available and approved working capital lines that it can draw from anytime. It maintains an adequate cash in the event of unforeseen interruption of its cash collections. The Group also maintains accounts with several relationship banks to avoid significant concentration of cash with one institution.

The table below summarizes the maturity profile of the Group's nonderivative financial assets and liabilities as of June 30, 2022 and December 31, 2021 based on contractual undiscounted payments:

	30-Jun-2022				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial assets					
At amortized cost					
Cash	**₱10,361,390**	**₱–**	**₱–**	**₱–**	**₱10,361,390**
Receivables:					
Trade	**3,407,177**		**51,688,697**	**896,892,834**	**951,988,707**
Loan			**–**	**31,000,000**	**31,000,000**
Interest	**590,160**		**–**	**8,570,500**	**9,160,660**
Deposits			**–**	**1,988,034**	**1,988,034**
	₱14,358,726	**₱**	**₱51,688,697**	**₱938,451,368**	**₱1,004,498,791**

	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than One Year**	**Total**
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	**₱13,482,538**	**₱**	**₱–**	**₱–**	**₱13,482,538**
Loan payable	**–**	**–**	**87,000,000**	**–**	**87,000,000**
	₱13,482,538	**₱-**	**₱87,000,000**	**₱–**	**₱100,482,538**

	31-Dec-2021				
	On Demand	Less than 3 Months	3 to 12 Months	More than One Year	Total
Financial assets					
At amortized cost					
Cash	₱7,088,744	₱–	₱–	₱–	₱7,088,744
Receivables:					
Trade	24,347,134	24,829,997	912,663,928	–	961,841,059
Loan			–	31,000,000	31,000,000
Interest			–	8,570,500	8,570,500
Deposits			–	1,988,034	1,988,034
	₱31,435,878	₱24,829,997	₱912,663,928	₱41,558,534	₱1,010,488,337
Financial liabilities					
Trade and other payables (excluding payable to government agencies)	₱–	₱27,388,823	₱–	₱–	₱27,388,823
Loan payable	–	–	88,000,000	–	88,000,000
	₱–	₱27,388,823	₱88,000,000	₱–	₱115,388,823

Capital Management
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 and makes adjustments to it, in light of changes in economic conditions. The Group considers its total equity amounting to ₱1,286.92 million and ₱1,270.45 million as of June 30, 2022 and December 31, 2021, respectively, as capital.

Fair Value Information
Due to the short-term nature of the Group's financial instruments except for noncurrent loan receivables, the carrying amount of the noncurrent loan receivables as of June 30, 2022 and December 31, 2021 amounted to ₱31.00 million.

Fair Value Hierarchy
As of June 30, 2022 and December 31, 2021, the Group has no financial instrument carried in the books at fair value. There were no transfers between Level 1 and Level 2 financial instruments, and no transfers into or out of Level 3 fair value instrument.

23. Segment Information

For management reporting purposes, the Group's businesses are classified into the following business segments: (1) investment holding and (2) service. Details of the Group's business segments are as follows:

	30-Jun-2022				
	Investment Holding	**Service**	**Combined**	**Eliminations**	**Consolidated**
Revenue and other income					
Revenue from external customers	**₱–**	**₱150,592,145**	**₱150,592,145**	**₱–**	**₱150,592,145**
Intersegment revenue	**–**	**80,357**	**80,357**	**(80,357)**	**–**
Interest income	**81**	**591,787**	**591,868**	**–**	**591,868**
Equity earnings	**–**	**-**	**-**	**–**	**-**
Interest expense	**–**	**2,432,833**	**2,432,833**	**–**	**2,432,833**
Income (loss) before tax	**(1,395,538)**	**20,490,595**	**19,095,057**	**–**	**19,095,057**
Provision for income tax	**16**	**5,150,082**	**5,150,098**	**–**	**5,150,098**
Net income (loss)	**(1,395,553)**	**15,340,513**	**13,944,958**	**–**	**13,944,958**
Segment assets	**485,849,570**	**1,552,071,492**	**2,037,921,062**	**(500,125,000)**	**1,537,796,062**
Segment liabilities	**20,213,840**	**250,664,028**	**270,877,868**	**(20,000,000)**	**250,877,868**
Depreciation and amortization	**–**	**15,478,371**	**15,478,371**	**–**	**15,478,371**

	31-Dec-2021				
	Investment Holding	Service	Combined	Eliminations	Consolidated
Revenue and other income					
Revenue from external customers	₱–	₱275,342,201	₱275,342,201	₱–	₱275,342,201
Intersegment revenue	–	160,714	160,714	(160,714)	–
Interest income	327	1,192,245	1,192,572	–	1,192,572
Equity earnings	–	53,884,320	53,884,320	–	53,884,320
Interest expense	–	5,188,437	5,188,437	–	5,188,437
Income (loss) before tax	(3,535,820)	68,268,829	64,733,009	–	64,733,009
Provision for income tax	65	4,738,161	4,738,226	–	4,738,226
Net income (loss)	(3,535,885)	63,530,668	59,994,783	–	59,994,783
Segment assets	485,665,094	1,546,898,304	2,032,563,398	(498,425,000)	1,534,138,398
Segment liabilities	18,633,810	261,354,834	279,988,644	(18,300,000)	261,688,644
Depreciation and amortization	–	28,128,753	28,128,753	–	28,128,753

Segment revenue, segment expenses and segment results include transfers between business segments. Those transfers are eliminated at consolidation.

All of the Group's revenues are derived from operations within the Philippines, hence, the Group did not present geographical information required by PFRS 8, *Operating Segments*.

IPM HOLDINGS, INC. AND SUBSIDIARY

FINANCIAL SOUNDNESS INDICATORS
June 30, 2022

FSI	Calculation	30-Jun-2022	31-Dec-2021
Current Ratio	Current Assets/Current Liabilities	**4.48x**	4.24x
Quick Ratio	Cash + Marketable Securities + Receivables/Current Liabilities	**4.37x**	4.19x
Solvency Ratio	Total Assets/Total Liabilities	**6.13x**	5.86x
Debt Ratio	Total Debts/Total Assets	**0.16x**	0.17x
Debt to Equity Ratio	Liabilities/ Stockholders' Equity	**0.19x**	0.21x
Interest Coverage Ratio	Earnings Before Interest & Taxes/ Interest Expense	**8.85x**	13.48x
Asset to Equity Ratio	Assets/Stockholders' Equity	**1.19x**	1.21x
Gross Profit Margin	Gross Profit/Net Sales	**0.23**	0.18
Net Profit Margin	Net Income/Revenues	**0.09**	0.22
Return on Assets	Net Income/Total Assets	**0.01**	0.04
Return on Equity	Net Income/Total Stockholders' Equity	**0.01**	0.05
Book Value per share	Total Assets –Total Liabilities/ Outstanding Shares	**1.87**	1.84
Net Income per Share	Net Income/Outstanding Shares	**0.02**	0.09
Net Income per Share-Parent	Net Income/Outstanding Shares	**0.01**	0.06

	30-Jun-2022	31-Dec-2021
Current Ratio	979,886,697/218,836,924	972,158,390/229,147,701
Quick Ratio	955,300,897/218,836,924	959,839,023/229,147,701
Solvency ratio	1,537,796,062/250,877,868	1,534,138,398/261,688,644
Debt Ratio	250,877,868/1,537,796,062	261,688,644/1,534,138,398
Debt-to-Equity Ratio	250,877,868/1,286,918,194	261,688,644/1,272,449,754
Interest Coverage Ratio	21,527,890/2,432,833	69,921,446/5,188,446
Asset to Equity Ratio	1,537,796,062/1,286,918,194	1,534,138,398/1,272,449,754
Gross Profit Margin	34,441,338/150,511,788	49,534,099/275,342,201
Net Profit Margin	13,944,958/150,511,788	59,348,978/275,342,201
Return on Asset	13,944,958/1,537,796,062	59,348,978/1,534,860,657
Return on Equity	13,944,958/1,286,918,194	59,348,978/1,271,811,578
Book Value/Share	1,286,918,194/690,000,000	1,272,449,754/690,000,000
Net Income per Share	13,944,958/690,000,000	59,694,613/690,000,000
Net Income per Share-Parent	10,109,830/690,000,000	44,112,115/690,000,000

IPM HOLDINGS, INC. AND SUBSIDIARY

AGING OF RECEIVABLES
June 30, 2022

Nature/Description	Current	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
Income from Tipping Fee	9,359,558	3,335,508	-	-	7,844,291	20,539,357
Hauling Income	4,424,882	3,273,092	2,447,939	1,660,008	9,295,578	21,101,499
Waste Collection	13,258,929	13,258,929	13,258,929	13,258,929	51,251,673	104,287,387
Consultancy/Field Services	-	-	-	-	576,000,000	576,000,000
Rental	363,807	632,836	274,099	265,806	212,422,940	213,959,488
Loans Receivable	-	-	-	-	31,000,000	31,000,000
Interest Receivable	98,360	98,360	98,360	196,720	8,668,860	9,160,660
Others	3,837,907	1,658,725	1,650,235	1,133,549	771,360	9,051,775
Total	**31,343,443**	**22,257,449**	**17,729,562**	**16,515,011**	**897,254,703**	**985,100,167**