SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
   Sep 30, 2020
2. SEC Identification Number
   134800
3. BIR Tax Identification No.
   000590608000
4. Exact name of issuer as specified in its charter
   Jolliville Holdings Corporation
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   4th Floor 20 Lansbergh Place, 170 Tomas Morato Avenue, Quezon City
   Postal Code
   1103
8. Issuer's telephone number, including area code
   (632) 83733038
9. Former name or former address, and former fiscal year, if changed since last report
   -
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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 Stock, Php1.00 Par Value	281,500,000

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (•) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange Inc. / Common Shares
12. Indicate by check mark whether the registrant:

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

- (●) Yes
- ( ) No

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

- (●) Yes
- ( ) No

Jolliville Holdings Corporation
JOH

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2020
Currency (indicate units, if applicable)	PhP - Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2020	Dec 31, 2019
Current Assets	708,040,627	588,803,137
Total Assets	5,721,035,155	5,663,185,129
Current Liabilities	1,897,645,113	1,810,722,770
Total Liabilities	3,279,629,990	3,242,057,488
Retained Earnings/(Deficit)	1,305,760,734	1,292,664,970
Stockholders' Equity	2,441,505,165	2,421,127,641
Stockholders' Equity - Parent	1,810,458,026	1,797,362,262

Book Value per Share	6.43	6.38

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	253,742,423	256,098,724	759,132,458	726,483,067
Gross Expense	238,159,517	200,999,705	631,575,207	606,203,213
Non-Operating Income	594,956	46,866,159	923,862	47,525,805
Non-Operating Expense	29,359,679	77,775,462	88,164,410	93,071,306
Income/(Loss) Before Tax	-13,181,817	24,189,716	40,316,703	74,734,353
Income Tax Expense	3,222,393	4,044,535	20,039,179	42,305,059
Net Income/(Loss) After Tax	-16,404,210	20,145,181	20,277,524	32,429,294
Net Income Attributable to Parent Equity Holder	-15,071,592	14,705,259	13,095,764	50,179,877
Earnings/(Loss) Per Share (Basic)	0.05	0.05	0.05	0.18
Earnings/(Loss) Per Share (Diluted)	0.05	0.05	0.05	0.18

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.2	0.19
Earnings/(Loss) Per Share (Diluted)	0.2	0.19

Other Relevant Information
Please see attached SEC Form 17-Q for the Third Quarter ended September 30, 2020 duly filed with the SEC.

Filed on behalf by:

Name	Ortrud Yao
Designation	Chief Financial Officer/ Treasurer/ Asst. Corporate Secretary

COVER SHEET

SEC Registration Number

1 3 4 8 0 0

Company Name

J O L L I V I L L E H O L D I N G S

C O R P O R A T I O N A N D S U B S I D I A R I E S

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

4 / F 2 0 L A N S B E R G H P L A C E B L D G .

1 7 0 T O M A S M O R A T O A V E . C O R .

S C O U T C A S T O R S T . , Q U E Z O N C I T Y

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q 3rd Qtr. 2020	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
ortrud_ting@joh.ph	(02) 8 - 373 - 3038	-

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
32	Any Day in June	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
ORTRUD T. YAO	ortrud_ting@joh.ph	(02) 8 - 373 - 3038	-

Contact Person's Address

4/F 20 LANSBERGH PLACE BLDG., 170 TOMAS MORATO AVE. COR. SCOUT CASTOR ST., QUEZON CITY

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

JOLLIVILLE HOLDINGS CORPORATION

SEC FORM 17-Q

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

1. For the quarterly period ended: **September 30, 2020**

2. SEC Identification No. **134800**

3. BIR Tax Identification **No. 000-590-608-000**

4. Exact name of registrant as specified in its charter:
JOLLIVILLE HOLDINGS CORPORATION

5. Province, Country or other jurisdiction of incorporation or organization:
PHILIPPINES

6. Industry Classification Code : _________ (SEC Use Only)

7. Address of principal office and Postal Code:
4th Floor 20 Lansbergh Place, Tomas Morato Ave. cor. Scout Castor St., 1103 Quezon City

8. Registrant's telephone no. and area code: **(632) 373-3038**

9. Former name, address, and fiscal year, if changed since last report:
Not applicable

10. Securities registered pursuant to Sections 4 & 8 of the RSA:

Title of Each Class	No. of Shares of Common Stock Outstanding &/or Amount of Debt Outstanding
Common Stock, ₱ 1 par value	**281,500,000 shares**

11. Are any or all of these securities listed on the Philippine Stock Exchange?
Yes [x]   No [ ]

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [x]   No [ ]

(b) has been subject to such filing requirements for the past 90 days:
Yes [x]   No [ ]

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FINANCIAL INFORMATION

Item 1. ***FINANCIAL STATEMENTS***

Please find attached herein the Unaudited Consolidated Financial Statements (as Exhibit I) for the third (3rd) Quarter ending September 30, 2020.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

The consolidated financial statements for the third quarter ended September 30, 2020 resulted in a net income after tax of ₱20,277,524 compared to ₱32,429,294 for the same period last year.

Power sales pertain to the electricity generation activity of Ormin Power Inc. (OPI). OPI supplies electricity to Oriental Mindoro Electric Cooperative (ORMECO) and operates a bunker fuel fired power plant (CDPP) in Calapan City and the Inabasan mini hydro power plant (IMHPP) in the Municipality of San Teodoro, Oriental Mindoro. Power sales increased by 14.17% from ₱460,139,464 to ₱525,358,979 for the nine months ended of this year as against the same period last year due to increase in kilowatt hours generated (kWh) and additional revenues generated from IMHPP. Fuel cost reimbursements form part of OPI's revenues despite being a passed on charge to customers. On January 14, 2019, OPI started to operate its IMHPP. Below are the kWh generated from power plants:

	Nine Months Ended September 30		
	2020	2019	Percentage of Increase
CDPP	**38,977,764 kWh**	32,029,536 kWh	21.69%
IMHPP	**25,589,105 kWh**	15,082,196 kWh	69.66%

Water service revenues slightly grew by ₱700,526 or 0.35% from ₱202,347,106 in the third quarter of 2019 to ₱203,047,632 in the third quarter of 2020. The increase is attributable to additional number of subscribers and production volume in service areas. As of third quarter of 2020, total subscriber base stood at 22,465 compared to 20,911 subscribers for the same period in 2019.

Rental revenues decreased by 54.22% or ₱27,908,008 from ₱51,473,660 in 2019 to ₱23,565,652 in 2020. Technical services decreased by 42.82% or ₱5,362,642 as a result also of temporary closure of the clients' businesses due to COVID-19 pandemic. These resulted from temporary closure of the clients' businesses due to COVID-19 pandemic.

Cost of services increased by 4.45% or ₱22,005,461 for the period. This was mainly due to additional outside services incurred for the water operations.

Operating expenses increased by 3.01% or ₱3,366,533 for the period. The increase is attributable to retirement expense and additional repairs and maintenance incurred during the period.

Income from operations increased by 7,277,397 or 6% for the first nine months of 2020 compared to 2019.

Finance costs during the period were 5,423,383 less than the same period last year. There were no gain in fair value of investment property for the period, unlike in 2019 wherein 46,799,000 in gain were booked. Overall, net other charges increased by 91.55% or ₱41,695,047 for the nine months ended September 30, 2020.

The decrease in net income of this period compared to the same period last year is mainly due to recognition of gain in fair value of investment properties in 2019 discussed above.

Non-controlling interest represents non-controlling stockholders' share in the net income or loss of 2Big Philippines Inc. and subsidiaries and Philippine Hydro Electric Ventures, Inc. and a subsidiary. The fluctuation in this account is tied-in to the operating results and to the Group's overall ownership in these subsidiaries.

Financial Position

Total assets increased by 1.02% or ₱57,850,026 from ₱5,663,185,129 as of December 31, 2019 to ₱5,721,035,155 as of September 30, 2020.

The biggest contributor to the increase came from trade and other receivables. It increased by 36.73% or ₱72,533,711 during the nine months of 2020 due to longer collection turnover from customers.

Cash and cash equivalents account increased by 21.97% or ₱29,781,163 during the period. This represents the net effect of collections received and payment of obligations as of third quarter of 2020.

Inventories amounting to ₱24,842,317 pertain mostly to OPI's fuel and oil. Fuel consumption is lower than the delivered amount which resulted to an increased by 48.86% or ₱8,153,695 during the period.

Due from related parties increased by 6.14% from ₱157,110,972 as of December 31, 2019 to ₱166,758,035 as of September 30, 2020 as advances were made to affiliates for working capital requirements.

Other current assets decreased by 1.07% from ₱81,978,006 as of December 31, 2019 to ₱81,099,864 as of September 30, 2020. The decrease mainly pertains to the net effect of input VAT application as payment of VAT payable and additional creditable withholding taxes received.

Property, plant and equipment amounted to ₱3,839,158,851 and ₱3,903,620,367 as of September 30, 2020 and December 31, 2019, respectively. It decreased by 1.65% or ₱64,461,516 due to the net effect of additional capital expenditures for the Phase 2 of Calapan Waterworks Development Plan construction project and additional depreciation during the period.

Deferred tax assets increased by 14.99% or ₱3,004,498 during the period. The increase pertains to the tax effect of net operating loss carry-over and carryforward benefit of minimum corporate income tax recognized for the nine months of 2020.

Other noncurrent assets increased by 0.18% or ₱69,554 during the year. This is mainly due to additional deposits made.

Financial assets at FVOCI, investment in associates and investment properties were unchanged from their balances as of September 30, 2020.

Trade and other payables increased by 12.53% from ₱773,334,849 as of December 31, 2019 to ₱870,208,478 as of September 30, 2020. This is due to lesser payments made to contractors.

Loans payable decreased by 3.03% or ₱57,190,800 as of September 30, 2020. This mainly represents payments made for loan facility with local banks intended for the construction of IMHPP and short-term loan payments by Calapan Waterworks Corporation (CWWC) and OPI.

Due to related parties decreased by 0.53% from ₱222,118,068 as of December 31, 2019 to ₱220,932,433 as of September 30, 2020 due to the net effect of payment of advances from affiliates.

The income tax payable as of December 31, 2019 was due and paid in June 2020. The income tax payable as of September 30, 2020 consists of income tax accruals for the third quarter of 2020. Income tax payable decreased by 26.31% as of September 30, 2020.

Customers' deposits increased by 11.37% or ₱2,325,975 as of September 30, 2020. This account pertains to additional water meter maintenance collected by CWWC.

Retirement benefits liability and deferred tax liabilities were unchanged from year-end.

Noncontrolling interest represents noncontrolling stockholders' share in the net income or loss of 2Big Philippines Inc. and subsidiaries and Philippine Hydro Electric Ventures, Inc. and a subsidiary. The fluctuation in this account is tied-in to the operating results and to the Group's overall ownership in these subsidiaries.

Liquidity and Solvency

The Group's cash balance increased from ₱135,525,427 as of end of 2019 to ₱165,306,590 as of September 30, 2020. The increase was due to lesser payments made to creditors. There are sufficient cash and credit to finance operating and investing activities of the Group.

Dividends

The Parent Company held a Special Stockholders' Meeting (SSM) last February 13, 2019 for the purpose of approving the 66.03% property dividend declaration made by the Parent Company's Board of Directors on January 4, 2019. Stockholders of record as of January 18, 2019 were entitled to vote at the SSM. The property dividends to be distributed are shares of stock of 2 subsidiaries of the Parent Company, Philippine Hydro Electric Ventures Inc. ("Phil Hydro") and 2Big Philippines Inc. ("2Big"). The property dividend amounted to ₱185,862,750, comprising of 76,500,000 shares of Phil Hydro carried at ₱1.00 per share and 42,225,000 shares of 2Big carried at ₱2.59 per share. Carrying values are computed based on interim financial statements of both subsidiaries as of September 30, 2018. Entitled shareholders shall receive 27 shares of Phil Hydro and 15 shares of TPC for every 100 shares of JOH.

As of September 30, 2020, the declaration of property dividends is still pending for approval by the SEC.

Issuances, Repurchases, and Repayments of Debt and Equity Securities

None

Events that will trigger Direct or Contingent Financial Obligation that is Material to the Company, including any Default or Acceleration of an Obligation

None

Material Off-Balance Sheet Transactions, Arrangements, Obligations (including Contingent Obligations), and Other Relationships of the Company with Unconsolidated Entities or Other Persons created during the Reporting Period

None

Known Trends, Demands, Commitments, Events or Uncertainties that will have a Material Impact on Liquidity or that are reasonably expected to have a Material Favorable or Unfavorable Impact on Net Sales/Revenues/Income from Continuing Operations

- *Approval of Power Generation Rate by the Energy Regulation Commission (ERC)*
  On June 21, 2016, the ERC approved the terms of the PSA between ORMECO and OPI, for the Modular Bunker Fuel-Fired Power Plant, except for the proposed generation rate of ₱2.95/kWh where the ERC only allowed the generation rates of ₱2.0931/kWh (pre-maximization) and ₱1.9686/kWh (post-maximization).

  On October 17, 2016, OPI filed an Omnibus Motion for Partial Reconsideration and for the issuance of a Status Quo Order to the ERC. In its motion, OPI requested that the ERC should reconsider to (1) include the pre-operating expenses, contingency, permits/licenses and other development costs in ERC's computation of the total project cost as a component of the capacity fee and (2) use the contracted energy of 3,800,000 kWh/month and 4,939,200 kWh/month in fixing the billing determinants.

  In response, the ERC issued a Status Quo Ante Order on June 6, 2017 deferring the implementation of the approved generation rates for a period of no more than six (6) months or until the issues raised in OPI's Motions have been resolved. The ERC has extended the Status Quo Order until September 5, 2019 to review further the case in view of the discrepancies of the rate components prescribed under the PSA and the presented in the Omnibus Motion.

  On September 3, 2019, ERC extended the effectivity of its Status Quo Order dated June 6, 2017, until the date upon which ORMECO receives the Order of the ERC resolving OPI's Omnibus Motion for Partial Reconsideration dated October 15, 2016 and Supplemental Motion for Reconsideration dated January 11, 2017.

  On June 8, 2020, OPI received an Order issued by ERC dated September 3, 2019 partially granting OPI's Motion for Partial Reconsideration. ERC recalculated the rates for pre-maximization stage at 3,800,000 kWh/month and the rates for post-maximization stage at 4,939,200 kWh/month to ₱2.2959/kWh and ₱2.1522/kWh, respectively, plus pass-through fuel and lube oil charges.

  In accordance with the final ruling of ERC, and the pricing structure under the approved PSA of OPI and ORMECO, OPI made an initial re-computation and new billing from pre-maximization to post-maximization periods to reflect the recalculated final rates as submitted in a Manifestation by OPI to ERC on June 23, 2020. On July 8, 2020, OPI and ORMECO submitted the required refund/recovery scheme as per Order, and supporting documents through a Notice of Compliance.

  As of date of reporting, the resulting effects of the refund/recovery scheme has not been booked, pending clarification/comments from the ERC.

- *COVID-19 Outbreak*
  In March 2020, the COVID-19 outbreak was declared to be a global pandemic by the World Health Organization causing the government to declare the country in a state of public health emergency followed by the implementation of mandated lockdowns all over the country resulting in a slowdown in the Philippine economy. This has materially affected the technical and leasing activities of the Group since some clients' businesses are affected by the COVID-19 situation and some have decided to close temporarily. While the clients pay technical services and rent on a monthly basis under a yearly contract, their capacity to pay was compromised by the economic downturn as an impact of COVID-19 pandemic. Notwithstanding the situation, management believes that with the Group's access to short-term and long-term funding, the Group can continue as a going concern.

Cause for any Material Change from period to period which shall include Vertical and Horizontal Analyses of any Material Item

This is already incorporated in the discussion under "Results of Operations" and "Financial Position".

Seasonal Aspects that has a Material Effect on the Financial Statements

None

Material Commitments for Capital Expenditures, General Purpose of such Commitments, Expected Sources of Funds for such Expenditures

OPI has completed its 10 MW Mini Hydro Power Plant facility in San Teodoro, Oriental Mindoro. The project cost is ₱2.4 billion and it is currently being financed through a term loan from the Development Bank of the Philippines. The total principal and interest released amounted to ₱1.14 billion and ₱122.70 million as of September 30, 2020.

CWWC has completed the 2nd Phase Expansion Program for Calapan City Water Supply System. Phase II involved development of new water production facilities, installation of storage facilities for the water system, and pipe laying of additional distribution lines. Phase II was estimated to cost about ₱162 million, about ₱118 million was financed through bank borrowing while the balance has been funded through internally generated funds.

Any Significant Elements of Income or Loss that did not arise from Continuing Operations

None

Financial Risk Disclosure

Please refer to Note 2 of the Notes to Consolidated Financial Statements for the description, classification and measurements applied for financial instruments of the Group.

The Group's principal financial instruments comprise of cash, receivables, short-term bank deposits, available-for-sale investments, bank loans, trade payables, due to related parties and payable to property owners. The main purpose of the Group's financial instruments is to fund the Group's operations and to acquire and improve property and equipment. The main risks arising from the use of financial instruments are liquidity risk, interest rate risk and credit risk.

The main objectives of the Group’s financial risk management areas are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

The Group’s Board reviews and agrees with policies for managing each of these risks. These are summarized below:

Liquidity risk
The Group seeks to manage its liquid funds through cash planning on a weekly basis. The Group uses historical figures and experiences and forecasts from its collections and disbursements. The Group’s objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information.

Interest rate risk
The Group’s exposure to market risk for changes in interest rates relates primarily to the Group’s long-term borrowings. The Group’s policy is to minimize interest rate cash flow risk exposures. Long-term borrowings are therefore usually at agreed interest rates. Also, the Group manages its exposure to interest rate risk by closely monitoring bank interest rates with various banks and maximizing borrowing period based on market volatility of interest rates.

Credit risk
This risk refers to the risk that a customer/debtor will default on its contractual obligations resulting in financial loss to the Group. The Group controls this risk through monitoring procedures and regular coordination with the customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Group’s exposure to bad debts is not significant. The Group also controls this risk by cutting its services and refusal to reconnect until the customer’s account is cleared or paid.

The Group’s credit risk is primarily attributable to its trade receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Given the Group’s diverse customer base, it is not exposed to large concentration of credit risk.

Currency risk is the risk that a business' operations or an investment's value will be affected by changes in exchange rates. If Philippine pesos, the Group’s functional currency, has to be converted into another currency to buy or sell goods and services, or to make certain investments, a gain or loss may arise when these are converted back into pesos. This risk has been assessed to be insignificant given that all the Group’s transactions are made in pesos. The Group has no investments in foreign securities.

Market risk is the risk of losses arising from changes in market prices. This usually affects an entire class of assets or liabilities. The value of investments may decline over a given period of time simply because of economic changes or other events that impact large portions of the market. Management has assessed this risk to be insignificant since the Group’s financial instruments are not openly traded in the open market (stock exchange, foreign exchange, commodity market, etc.) nor does it engage in exotic financial instruments such as derivatives, spot or forward contracts and the like. The fair values of the Group’s financial instruments did not change between this period and the preceding period thus no gain or loss was recognized.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Philippine Pesos)

	Note	**September 30, 2020 (Unaudited)**	December 31, 2019 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents		**₱ 165,306,590**	₱ 135,525,427
Trade and other receivables		**270,033,821**	197,500,110
Inventories		**24,842,317**	16,688,622
Due from related parties	5	**166,758,035**	157,110,972
Other current assets		**81,099,864**	81,978,006
Total Current Assets		**708,040,627**	588,803,137
Noncurrent Assets			
Financial assets at Fair Value through Other Comprehensive Income (FVOCI)		**14,815,943**	14,815,943
Investment in associates		**1,609,746**	1,609,746
Investment properties		**1,094,905,179**	1,094,905,179
Property, plant and equipment		**3,839,158,851**	3,903,620,367
Deferred tax assets	7	**23,045,520**	20,041,022
Other noncurrent assets		**39,459,289**	39,389,735
Total Noncurrent Assets		**5,012,994,528**	5,074,381,992
		₱ 5,721,035,155	₱ 5,663,185,129
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables		**₱ 870,208,478**	₱ 773,334,849
Short-term loans payable	4	**611,726,198**	623,650,000
Current portion of long-term loans payable	4	**185,673,848**	179,265,030
Due to related parties	5	**220,932,433**	222,118,068
Income tax payable		**9,104,156**	12,354,823
Total Current Liabilities		**1,897,645,113**	1,810,722,770
Noncurrent Liabilities			
Noncurrent portion of long-term loans payable	4	**1,030,985,023**	1,082,660,839
Customers' deposits		**22,780,194**	20,454,219
Retirement benefits liability		**50,643,468**	50,643,468
Deferred tax liabilities	7	**277,576,192**	277,576,192
Total Noncurrent Liabilities		**1,381,984,877**	1,431,334,718
Total Liabilities		**3,279,629,990**	3,242,057,488

(Forward)

(Carryforward)

		September 30, 2020 (Unaudited)		December 31, 2019 (Audited)
Equity				
Attributable to Equity Holders of Parent Company				
Capital stock	₱	**281,500,000**	₱	281,500,000
Additional paid-in capital		**812,108**		812,108
Revaluation surplus on investment property and property, plant and equipment - net		**221,441,052**		221,441,052
Cumulative unrealized fair value changes on financial assets at FVOCI		**316,106**		316,106
Cumulative remeasurement gain on retirement benefits liability - net		**628,026**		628,026
Retained earnings		**1,305,760,734**		1,292,664,970
Total Equity of Parent Company		**1,810,458,026**		1,797,362,262
Non-controlling Interests		**630,947,139**		623,765,379
Total Equity		**2,441,405,165**		2,421,127,641
	₱	**5,721,035,155**	₱	5,663,185,129

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Pesos)

	Note	Quarter Ended September 30, 2020	Quarter Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
REVENUES					
Power sales		₱ **184,289,228**	₱ 165,824,935	₱ **525,358,979**	₱ 460,139,464
Water services		**68,171,035**	68,748,590	**203,047,632**	202,347,106
Rental		**1,282,160**	17,349,582	**23,565,652**	51,473,660
Technical services		**–**	4,175,617	**7,160,195**	12,522,837
		253,742,423	256,098,724	**759,132,458**	726,483,067
COSTS OF SERVICES		**190,880,314**	161,370,143	**516,487,917**	494,482,456
GROSS INCOME		**62,862,109**	94,728,581	**242,644,541**	232,000,611
OPERATING EXPENSES		**47,279,203**	39,629,562	**115,087,290**	111,720,757
INCOME FROM OPERATIONS		**15,582,906**	55,099,019	**127,557,251**	120,279,854
OTHER INCOME (CHARGES) – Net	6	**(28,764,723)**	(30,909,303)	**(87,240,548)**	(45,545,501)
INCOME BEFORE INCOME TAX		**(13,181,817)**	24,189,716	**40,316,703**	74,734,353
INCOME TAX EXPENSE (BENEFIT)	7				
Current		**6,226,891**	4,044,535	**23,043,677**	28,265,359
Deferred		**(3,004,498)**	–	**(3,004,498)**	14,039,700
		3,222,393	4,044,535	**20,039,179**	42,305,059
TOTAL COMPREHENSIVE INCOME (LOSS)		₱ **(16,404,210)**	₱ 20,145,181	₱ **20,277,524**	₱ 32,429,294
NET INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent company		**(15,071,592)**	14,705,259	₱ **13,095,764**	₱ 50,179,877
Non-controlling interests		**(1,332,618)**	5,439,922	**7,181,760**	(17,750,583)
		₱ **(16,404,210)**	₱ 20,145,181	₱ **20,277,524**	₱ 32,429,294
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the parent company		₱ **(15,071,592)**	₱ 14,705,259	₱ **13,095,764**	₱ 50,179,877
Non-controlling interests		**(1,332,618)**	5,439,922	**7,181,760**	(17,750,583)
		₱ **(16,404,210)**	₱ 20,145,181	₱ **20,277,524**	₱ 32,429,294
EARNINGS PER SHARE	8	₱ **(0.0535)**	₱ **0.0522**	₱ **0.0465**	₱ 0.1783

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Pesos)

		2020		2019
ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK – ₱1 par value				
Authorized – 1,000,000,000 shares				
Subscribed and fully paid				
– 281,500,000 shares	₱	**281,500,000**	₱	281,500,000
ADDITIONAL PAID-IN CAPITAL		**812,108**		812,108
REVALUATION SURPLUS ON INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT - Net		**221,441,052**		246,402,556
CUMULATIVE UNREALIZED FAIR VALUE CHANGES ON FINANCIAL ASSETS AT FVOCI		**316,106**		824,940
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT BENEFITS LIABILITY - Net		**628,026**		628,026
RETAINED EARNINGS				
UNAPPROPRIATED				
Balance at beginning of year		**1,106,802,220**		1,036,985,228
Net income during the period		**13,095,764**		50,179,877
Balance at end of period		**1,119,897,984**		1,087,165,105
APPROPRIATED				
Balance at beginning of year and end of period		**185,862,750**		185,862,750
Total Retained Earnings		**1,305,760,734**		1,273,027,855
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		**1,810,458,026**		1,803,195,485
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**623,765,379**		507,142,327
Share in total comprehensive income (loss)		**7,181,760**		(17,750,583)
Issuances of stock		**–**		192,461,000
Payment received for subscription receivable		**–**		1,500,000
Balance at end of period		**630,947,139**		683,352,744
	₱	**2,441,405,165**	₱	2,486,548,229

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Amounts in Philippine Pesos)

		2020		2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱	**40,316,703**	₱	74,734,353
Adjustments for:				
Depreciation and amortization		**114,413,090**		104,814,552
Finance costs		**85,330,874**		90,754,257
Interest income		**(628,394)**		(578,430)
Net foreign exchange loss		**4,534**		1,176
Gain on fair value of investment properties		**–**		(46,799,000)
Operating income before working capital changes		**239,436,807**		222,926,908
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Trade and other receivables		**(72,533,711)**		8,659,694
Inventories		**(8,153,695)**		7,142,889
Other current assets		**878,142**		(5,185,051)
Increase (decrease) in:				
Trade and other payables		**96,873,629**		(228,968,247)
Customers' deposits		**2,325,975**		4,287,512
Cash generated from operations		**258,827,147**		8,863,705
Income tax paid		**(26,294,344)**		(27,041,320)
Interest received		**628,394**		578,430
Net cash provided by (used in) operating activities		**233,161,197**		(17,599,185)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment		**(49,951,574)**		(228,916,148)
Increase in:				
Due from related parties		**(9,647,063)**		(14,350,582)
Other noncurrent assets		**(69,554)**		(19,108,365)
Net cash used in investing activities		**(59,668,191)**		(262,375,095)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Interest		**(85,330,874)**		(90,754,257)
Loans		**(72,490,800)**		(180,739,673)
Increase in:				
Due to related parties		**(1,185,635)**		74,395,408
Non-controlling interests		**–**		193,961,000
Proceeds from loan availments		**15,300,000**		194,500,000
Receipt of deposit for future stock subscription		**–**		17,500,000
Net cash provided by (used in) financing activities		**(143,707,309)**		208,862,478
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(4,534)**		(1,176)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**29,781,163**		(71,112,978)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**135,525,427**		254,358,860
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	**165,306,590**	₱	183,245,882

(Forward)

(Carryforward)

		2020		2019
CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSISTS OF:				
Cash on hand	₱	**295,000**	₱	315,001
Cash in banks		**153,306,830**		171,551,961
Cash equivalents		**11,704,760**		11,378,920
	₱	**165,306,590**	₱	183,245,882

See accompanying Notes to Consolidated Financial Statements.

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of Preparation of the Financial Statements**

The accompanying consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, investment property and certain property and equipment which are stated at fair market value and appraised values, respectively. These consolidated financial statements are presented in Philippine pesos, which is the Group's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

Basis of Consolidation

The consolidated financial statements include the accounts of Jolliville Holdings Corporation (the Parent Company) and the following subsidiaries held directly or indirectly through wholly and majority-owned subsidiaries.

	Percentage of Ownership	
Subsidiaries	Direct	Indirect
Ormina Realty and Development Corporation (ORDC)	100.00	
Jolliville Group Management, Inc. (JGMI)	100.00	
Servwell BPO International Inc. (Servwell)	100.00	
Granville Ventures Inc. (GVI)	100.00	
Jollideal Marketing Corporation (JMC)	100.00	
Ormin Holdings Corporation (OHC) and subsidiaries:	100.00	
OTY Development Corp. (OTY)		100.00
Melan Properties Corp. (MPC)		100.00
KGT Ventures, Inc. (KVI)		100.00
Ibayo Island Resort Corp. (IIRC)		100.00
NGTO Resources Corp. (NRC)		100.00
Philippine Hydro Electric Ventures, Inc. (PHEVI) and a subsidiary:	100.00	
Ormin Power, Inc. (OPI)		59.95
2Big Philippines Inc.** (2BIG)* and subsidiaries:	88.50	11.50
Calapan Waterworks Corporation (CWWC)		99.75
Nation Water Corporation (NWC)*		
Group's ownership through 2BIG		34.99
Group's ownership through CWWC		39.89
Tubig Bohol Corporation* (TBC)***		49.87
Greater Rosario Water, Inc. (GRWI)*		99.75

**preoperating stage*

***formerly Tubig Pilipinas Corp.*

**** Although the Group's equity interest in TBC is less than 50%, TBC is considered as a subsidiary because the Group's voting power over TBC is sufficient to provide the practical ability to direct and control.*

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and cease to be consolidated from the date on which control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. All significant intercompany accounts, transactions, and income and expenses and losses are eliminated upon consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Noncontrolling interests share in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Noncontrolling interests consist of the amount of those interests at the date of the original business combination and the noncontrolling interest's share of changes in equity since the date of the combination. Losses applicable to the noncontrolling interests in excess of the noncontrolling interests share in the subsidiary's equity are allocated against the interest of the Group except to the extent that the noncontrolling interests has a binding obligation and is able to make an additional investment to cover losses.

2. Changes in Accounting and Financial Reporting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards which the Group adopted effective January 1, 2019:

- PFRS 16, *Leases* – PFRS 16 replaced PAS 17 *Leases*, Philippine Interpretation on IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives,* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases (i.e., leases with a lease term of 12 months or less).

  At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use (ROU) asset.

  The lease liability shall be reviewed when there are changes in the lease term and other events affecting the lease, such as future lease payments resulting from a change in the index or rate used to determine those payments. The remeasurement of the lease liability should be recognized as an adjustment to the ROU asset.

  Lessor accounting under PFRS 16 is substantially unchanged from accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

On the date of transition, the Group has the following lease agreements:

- For a parcel of land where the Diesel Power Plant is located for a period of 15 years subject to renewal upon mutual consent between the parties. The Group has elected not to recognize ROU asset and lease liability since the management has assessed that the resulting ROU asset and lease liability are not material to the consolidated financial statements taken as a whole.

- For office spaces and water facilities for a period of 12 months subject to renewal on an annual basis upon mutual consent between the parties. The Group has elected not to recognize ROU asset and lease liability for this short-term lease.

The Group recognizes the lease payments associated with these leases as expense on a straight-line basis over the lease term.

The Group adopted PFRS 16 using the full retrospective method of adoption. Accordingly, the policy is applied to comparative information.

- Philippine Interpretation on IFRIC 23, *Uncertainty Over Income Tax Treatments* – The interpretation provides guidance on how to reflect the effects of uncertainty in accounting for income taxes under PAS 12, *Income Taxes*, in particular (i) whether uncertain tax treatments should be considered separately, (ii) assumptions for taxation authorities' examinations, (iii) determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) effect of changes in facts and circumstances.

- Amendments to PFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation* - The amendments clarify that a financial asset passes the "solely payments of principal and interest" criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. Consequently, financial assets with termination provisions can now be measured at amortized cost (or, depending on the business model, at FVOCI).

- Amendments to PAS 12, *Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity* - The amendments require entities to recognize the income tax consequences of dividends as defined in PFRS 9 when the liability to pay dividends are recognized. The income tax consequences of dividends are recognized either in profit or loss, other comprehensive income or equity, consistently with the transactions that generated the distributable profits. This requirement applies to all income tax consequences of dividends, such as withholding taxes.

- Amendments to PAS 19, *Employee Benefits – Plan Amendment, Curtailment or Settlement* - The amendments specify how companies remeasure a defined benefit plan when a change – an amendment, curtailment or settlement - to a plan takes place during a reporting period. It requires entities to use the updated assumptions from this remeasurement to determine current service cost and net interest cost for the remainder of the reporting period after the change to the plan.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures.* The amendments require entities to use PFRS 9 in accounting for its long-term interests (i.e., preference shares and long-term receivables or loans for which settlement is neither planned nor likely to occur in the foreseeable future) in an associate or joint venture in which the equity method under PAS 28 is not applied. The clarification is relevant because the expected credit loss model under PFRS 9 shall be applied to these long-term interests.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements as necessary.
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Amended PFRS Issued but Not Yet Effective
Relevant new and amended PFRS, which are not yet effective as at December 31, 2019 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides a new definition of a "business" which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, 'an integrated set of activities and assets' must now include 'an input and a substantive process that together significantly contribute to the ability to create an output'. The distinction is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Deferred effectivity **–**

- Amendment to PFRS 10, *Consolidated Financial Statements* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*

  The amendments address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements as necessary.

The principal accounting policies applied in the preparation of the Group's consolidated financial statements are set out below:

<u>Current versus Noncurrent Classification</u>
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period;
- expected to be settled on demand; or
- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- it is expected to be settled on demand; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Fair Value Measurement

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

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

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

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

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

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

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

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Accounting Policies for Financial Instruments Upon Adoption of PFRS 9 – Policies Applied from January 1, 2019

Financial Instruments

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

The Group recognizes financial assets or financial liabilities in the statements of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Financial Assets
The Company classifies its financial assets in the following measurement categories:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVOCI) where:
  -gains and losses previously recognized are reclassified to profit and loss; and
  -gains and losses previously recognized are not reclassified to profit and loss;
- Financial assets measured at fair value through profit or loss (FVPL).

Financial assets measured at amortized cost
The amortized cost of a financial asset is the present value of future cash receipts (payments) discounted at the effective interest rate. The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The Group classifies its financial assets as at amortized cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category includes cash and cash equivalents, receivables (excluding advances to suppliers and advances to employees for liquidation), due from related parties, and reserve fund, special bank deposit and utilities and other deposits which are held by the Group with the objective to collect the contractual cash flows.

Financial assets at FVOCI
The Group classifies the following financial assets at FVOCI:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest on the principal amount outstanding and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

This category includes equity investment at FVOCI.

Financial assets at FVPL
The Group classifies the following financial assets at FVPL:

- Debt investments that do not qualify for measurement at either amortized cost or FVOCI;
- Equity investments that are held for trading; and
- Equity investments for which the entity has not elected to recognize fair value gains and losses through other comprehensive income (OCI).

The Group does not have financial assets at FVPL.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment FVOCI.

The Group reclassifies debt investments when and only when its business model for managing such assets changes.

Measurement
Initial measurement
At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement
Debt instruments
There are three measurement categories into which the Group classifies its debt instruments:

- *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statements of profit or loss.

  Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statements of profit or loss.

- *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains (losses) in the period in which it arises.

  The Group has no debt instruments measured at fair value as at September 30, 2020 and December 31, 2019.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

The Group has equity instruments measured at FVOCI as at September 30, 2020 and December 31, 2019.

Impairment of Financial Assets
PFRS 9 establishes a new model, 'expected credit loss' (ECL) model, for recognition and measurement of impairments in loans and receivables that are measured at amortized cost, contract assets and debt instruments at FVOCI, but not to investments in equity instruments.

PFRS 9 provides that in measuring ECL the Company must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence.
- Discounting for the time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, due from related parties, special bank deposit, reserve fund and utilities and other deposits, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its financial assets since initial recognition. The cash and cash equivalents and other deposits are deposited in the top banks of the Philippines and highly credible lessors and service providers, respectively. Also, the management has reasonable grounds to believe that the due from related parties and cash dividend receivable are collectible, if demanded. Moreover, should this not be the case, the Board of Directors (BOD) expect these related parties to have the support of their major stockholders to meet their obligations.

For receivables, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group has determined that the application of impairment requirements of PFRS 9 at January 1, 2019 and December 31, 2019 did not result into any additional impairment losses in the Company’s cash and cash equivalents, due from related parties, special bank deposit, reserve fund and utilities and other deposits which are measured at amortized cost.

Financial Liabilities
The Group classifies its financial liabilities in the following measurement categories:

- Financial liabilities measured at amortized cost;
- Financial liabilities measured at FVPL;

Measurement
Financial liabilities at amortized cost are recognized initially at fair value and are subsequently measured at amortized cost using effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses on derecognition is also recognized in profit or loss. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

This category includes loans payable, accounts payable and other current liabilities, due to related parties and customers’ deposits.

Cash and Cash Equivalents

Cash which includes cash on hand and in banks are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Special Bank Deposit and Reserve Fund

Certain bank deposits are restricted for withdrawal by the creditor bank as hold-out fund for the Group's loan availments. These are classified as noncurrent assets.

Inventories

Inventories are stated at the lower of cost and net realizable value (NRV). Cost is determined using weighted average method. NRV is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

Other Current Assets

This account comprises the following:

- *Input tax* is recognized when an entity in the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier. This account is offset, on a per entity basis, against any output tax previously recognized.
- *Prepayments* are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statements of comprehensive income when incurred. These are expected to be realized for no more than 12 months after the reporting period and are classified as current assets. Otherwise, these are classified as other noncurrent assets.
- *Creditable withholding tax* is deducted from income tax payable in the same year the revenue is recognized.

Investments in Associates

An associate is an entity in which the Group's ownership interest ranges between 20% and 50% or where it has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or joint control over those policies.

The Group carries its investment in an associate at cost, increased or decreased by the Group's equity in net earnings or losses of the investee Group since date of acquisition and reduced by dividends received. Equity in net losses is recognized only up to the extent of acquisition costs.

Investment Property

Investment property represents property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is accounted for under the fair value model. Generally, it is revalued on a regular basis and is included in the Group's consolidated statements of financial position at its fair value. Fair value is supported by market evidence and is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment property.

Investment property, which consists mainly of land, buildings and condominium units, is initially measured at acquisition cost, including transaction costs.

Any gain or loss resulting from either a change in the fair value or the sale or retirement of an investment property is immediately recognized in profit or loss as fair value adjustment on investment property under other income (charges) in the Group's consolidated statements of comprehensive income. In case of fair value loss and there is a carrying revaluation surplus balance as a result of transfer from property, plant and equipment carried at appraised value, the loss shall be applied first to the balance of revaluation surplus before recognizing the remaining loss to profit or loss.

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

A Group-occupied property classified under property and equipment account becomes an investment property when it ends Group-occupation.

Property, Plant and Equipment

Land and building improvements, and power plant facilities and equipment are carried at appraised values as determined by an independent firm of appraisers on various dates in November 2017. The appraisal increment resulting from the revaluation was credited to "Revaluation Surplus" shown under Equity section in the consolidated statements of financial position. Other property, plant and equipment are carried at cost less accumulated depreciation, amortization and any allowance for impairment in value.

Initial cost of property, plant and equipment comprises its construction cost or purchase price and any directly attributable cost of bringing the assets to its working condition and location for its intended use. Expenses incurred and paid after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income when the costs are incurred. In situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation and amortization is computed using the straight-line method over the following estimated useful lives except for leasehold improvements which are amortized over the estimated useful life of the assets or term of the lease, whichever is shorter.

	Years
Land and leasehold improvements	20
Buildings, condominium units and improvements	10 - 25
Furniture, furnishings and equipment for lease	10
Water utilities and distribution system	5 - 40
Power plant facilities and equipment	3 – 30
Office furniture, fixtures and equipment	5
Transportation equipment	8

The residual values, useful life and depreciation and amortization method are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

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

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated from the accounts, and any gain or loss resulting from their disposal is credited or charged to current operations.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of construction and development costs included under "Property, Plant and Equipment" account in the consolidated statements of financial position.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operation in the period in which they are incurred.

Impairment of Nonfinancial Assets

The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction less cost to sell. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. Impairment losses are recognized in the consolidated statement of comprehensive income in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to current operations.

Loans Payables

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Any difference between the proceeds, net of transaction costs, and the settlement amount is recognized over the term of the loan in accordance with the Group's accounting policy for borrowing costs.

Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired, as well as through the amortization process.

Employee benefits

Short-term benefits

Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the accounting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wage, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Retirement benefit obligation

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

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method. The retirement benefit costs comprise of the service cost, net interest on the net defined benefit liability or asset and remeasurements of net defined benefit liability or asset.

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

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

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

Deposit for Future Stock Subscription

Deposit for future stock subscription which are received in view of call for future subscriptions are stated at actual amount of cash received. Deposit for future stock subscription is recorded at historical cost. This is classified as equity when all of the following criteria are met:

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

Deposits for future stock subscription is classified as a liability when the above criteria are not met.

Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. 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 parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; and, (c) individuals 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 individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Foreign Currency Transactions and Translations

Transactions denominated in foreign currencies are recorded in Philippine pesos using the exchange rate at the date of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies are stated using the closing exchange rate at the end of financial reporting period. Gains or losses arising from foreign currency transactions are credited or charged directly to current operations.

Equity

- *Capital stock* is determined using the nominal value of shares that have been issued.
- *Additional paid-in capital* includes any premiums received on the initial issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related taxes.
- *Revaluation reserves on equity investment at FVOCI* accounts are the excess (deficiency) of the fair market value over the carrying amounts of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to profit or loss in the year that the permanent fluctuation is determined.
- *Revaluation surplus* accounts for the excess of the fair market value over the carrying amounts of "Land and improvements" and "Power plant" included under the Property, plant and equipment account and certain investment property. Any appraisal decrease is first offset against appraisal increment on earlier revaluation with respect to the same property and is thereafter charged to operations.
- *Reserve for actuarial loss* comprises the net actuarial gains and losses on the Group's retirement obligation as a result of re-measurement.
- *Retained earnings* include all current and prior period net income less any dividends declared as disclosed in the consolidated statements of comprehensive income.

Leases

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting period so as to reflect a constant periodic rate of return on the Group's net investment in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

The Group as lessee
Assets held under finance lease are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rental is recognized as expense in the periods in which it is incurred.

Rental expense under operating leases is charged to profit or loss on a straight-line basis over the term of the lease.

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

<u>Revenue Recognition</u>
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five steps:

1. Identify the contract(s) with a customer.

2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.

3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.

4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.

5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

- *Power sales and water services* are recognized when the related services are delivered.
- *Rental income* is recognized on a straight-line basis in accordance with the substance of the lease agreement.
- *Technical services* comprise the value of all services provided and are recognized when rendered.
- *Sale of goods* is recognized upon delivery of goods sold, and the transfer of risks and rewards to the customer has been completed.
- *Interest income* is recognized on a time proportion basis that reflects the effective yield on the asset.
- *Other income* is recognized when the related income/service is earned.

Cost and Expenses Recognition

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

Income Taxes

Income taxes represent the sum of current year tax and deferred tax.

Current Income Tax

The current year tax is based on taxable income for the year. Taxable income differs from income as reported in the consolidated statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred Income Tax

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the end of financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of net operating loss carryover (NOLCO) and minimum corporate income tax (MCIT). Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax assets is reviewed at end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Income tax relating to items recognized directly in equity is recognized in equity and other comprehensive income.

Segment Information

For management purposes, the Group is organized into five (5) major operating businesses which comprise the bases on which the Group reports its primary segment information. The Group has no geographical segments as all of the companies primarily operate only in the Philippines.

Segment revenue, expenses and performance include transfers between business segments. The transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products and services. The measurement policies the Group used for segment reporting are the same as those used in the consolidated financial statements. There have been no changes from prior periods in the measurement methods used to determine profit and loss. No asymmetrical allocations have been applied between segments.

Inter-segment assets, liabilities, revenue, expenses and results are eliminated in the consolidated financial statements.

Earnings per Share (EPS)

EPS is determined by dividing net income for the year by the weighted average number of shares outstanding during the year including fully paid but unissued shares as of the end of the year, adjusted for any subsequent stock dividends declared. Diluted earnings per share is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of potential common shares. The Group has no existing dilutive shares.

Provisions

Provisions are recognized only when the following conditions are met: a) there exists a present obligation (legal or constructive) as a result of past event; b) it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and, c) reliable estimate can be made of the amount of the obligation. Provisions are reviewed at end of each financial reporting period and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events after the End of Financial Reporting Period

Post year-end events that provide additional information about the Group's position at the end of financial reporting period (adjusting events) are reflected in the Group's consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Management's Use of Judgments and Estimates

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates. The effect of any changes in estimates will be recorded in the Group's consolidated financial statements when determinable.

Estimates and judgments 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:

- *Classification of Financial Instruments and Measurement Criteria*
  Under PFRS 9, the Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The adoption of PFRS 9, has not had a significant effect on the Group's policy related to financial liabilities.

  Prior to the adoption of PFRS 9, the Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the statements of financial position.

  The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity. The Group controls an entity if and only if the Group has all of the following:
  - Power over the entity;
  - Exposure, or rights, to variable returns from its involvement with the entity; and,
  - The ability to use its power over the entity to affect the amount of the Group's returns.

  The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

- *Classification of Leases*
  The Group has entered into various lease agreements as either a lessor or a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Currently, all of the Group's lease agreements are determined to be operating leases.

- *Determination of Impairment of Equity Investment at FVOCI*
  The Group follows the guidance of PAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of the near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

- *Determination of Fair Value of Financial Instruments*
  PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect income and equity.

- *Measurement of Security Deposits*
  The future cash flows of security deposits from the leases cannot be readily determined nor reliably measured because the actual timing of payment cannot be reasonably predicted as these deposits are generally redeposited every renewal of lease contracts, the new terms and conditions thereof are not yet known. Further, the deposit that will actually be repaid to the Group is also attached to a conditional repayment provision that is the faithful performance by the Group as a lessee of its obligations under the lease contracts. Accordingly, security deposits are carried at cost less any impairment.

- *Distinction between Investment Property and Owner-Occupied Property*
  The Group determines whether a property qualifies as an investment property. In making its judgments, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also other assets used in the supply process.

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

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

- *Impairment of Receivables*
  The Group uses the expected credit losses model in estimating the level of the allowances which includes forecast of future events and conditions. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate. The model represents a probability – weighted estimate of the difference over the remaining life of receivables. The maturity of the remaining trade receivables of the Group is less than one year so the lifetime expected credit losses and the 12 months expected credit losses are similar. In addition, management assessed the credit risk of the trade receivables as at the reporting date as low, therefore the Group's trade receivables and due from related parties did not have to assess whether significant increase in credit risk has occurred.

  Prior to adoption of PFRS 9, the Group provides an allowance for impairment losses on due from related parties at a level considered adequate for potential uncollectible amounts or are doubtful of collection. The level of allowance is evaluated by the management based on best available facts and circumstances, the length of the Group's relationship with its customers and debtors, the customers or debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

- *Net Realizable Value (NRV) of Inventories*
  The Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at financial reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made of different estimates were utilized.

- *Allowance for Inventory Obsolescence*
  Provision is established as a certain percentage based on the age and movement of stocks. In case there is write-off or disposal of slow-moving items during the year, a reduction in the allowance for obsolescence if any, is made.

- *Fair Value Measurement of Investment Property*
  The Group's investment property composed of parcels of land and buildings and improvements that are carried at revalued amount at the end of the reporting period. In determining the fair value of these assets, the Group engages the services of professional and independent appraisers. The fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and seller in an arm's length transaction as at the valuation date. Such amount is influenced by different factors including the location and specific characteristics of the property (e.g., size, features, and capacity), quantity of comparable properties available in the market, and economic condition and behavior of the buying parties. A significant change in these elements may affect prices and the value of the assets.

- *Useful Lives of Property, Plant and Equipment*
  Useful lives of property, plant and equipment are estimated based on the period over which these assets are expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. Any reduction in the estimated useful lives of property, plant and equipment would increase the Group's recorded cost of services and operating expenses and decrease on the related asset accounts.

  There were no significant changes in the estimated useful lives of the Group's property, plant and equipment during the year.

- *Determination of Pension and Other Retirement Benefits*
  The determination of the Group's obligation and cost for pension and other retirement benefits is dependent on management's selection of certain assumptions used by actuaries in calculating such amounts.

  Actual results that differ from the assumptions are accumulated and amortized over future periods and therefore, generally affect the Group's recognized expense and recorded obligation in such future periods. While management believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in management assumptions may materially affect the Group's pension and other retirement obligations.

  The Group also estimates other employee benefits obligation and expense, including the cost of paid leaves based on historical leave availments of employees, subject to the Group's policy. These estimates may vary depending on the future changes in salaries and actual experiences during the year.

- *Impairment of Nonfinancial Assets*
  The carrying values of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's 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 recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any 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.

- *Impairment of Goodwill*
  Purchase accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at the acquisition date. It also requires the acquirer to recognize goodwill. The Group's business acquisitions have resulted in goodwill which is subject to a periodic impairment test. The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate to calculate the present value of those cash flows.

- *Realizability of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- *Fair Value of Financial Assets and Liabilities*
  PFRS requires that certain financial assets and liabilities be carried at fair value, which requires the use of extensive accounting estimates and judgments. While significant components of fair value measurement are determined using verifiable objective evidence (i.e. interest rates, volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and liabilities would directly affect income and equity.

- *Provisions for Contingencies*
  The estimate of the probable costs for possible third party claims, including tax liabilities, if any, has been developed based on management's analysis of potential results. When management believes that the eventual liabilities under these claims, if any, will not have a material effect on the consolidated financial statements, no provision for probable losses is recognized in the consolidated financial statements.

4. **Loans Payable**

Details of loans availed from local banks are as follow:

Short-term loans

a. In 2020 and 2019, OPI availed short-term loans from various local banks. Total loan proceeds amounted to ₱15.3 million in 2020 and ₱18.0 million in 2019. Interest rates on loans range from 5.75% to 6.5% per annum. The loans are payable within 1 month to 6 months from the date of availment. Outstanding balance of the loan amounted to ₱576.37 million and ₱580.00 million as of September 30, 2020 and December 31, 2019, respectively.

b. CWWC availed short-term loans from a local bank amounting to and ₱40.0 million in 2019. The loans are payable in 90 days which are renewable. Interest rates on loan range from 3.1% to 5.8% per annum. Outstanding balance of the loan amounted to ₱35.4 million and ₱43.6 million as of September 30, 2020 and December 31, 2019, respectively.

Long-term loans

a. On April 8, 2011, OPI entered into a loan agreement with a local bank for the establishment of Calapan Diesel Power Plant for ₱275.9 million payable in ten (10) years with six months grace period. Interest is fixed at 9.0% per annum but subject to re-pricing. As of September 30, 2020, interest rate is 6.5% per annum. As of September 30, 2020 and December 31, 2019, the total loan amounted to ₱33.9 million and ₱41.2 million, respectively.

   Debt Covenant
   OPI entered into a Deed of Assignment with Hold-Out relative to the loan, in favor of the bank, OPI's trade receivable under the Power Supply Agreement (PSA) entered with Oriental Mindoro Electric Cooperative, Inc. (ORMECO). Also, the loan requires a portion of OPI's cash in bank pertaining to a Reserve Fund equivalent to two (2) months amortization payable under the loan agreement.

   Also, as a security for the loan, OPI mortgaged its 6.4 MW Bunker C-Fired Packaged Power Station in favor of the bank.

b. On June 25, 2013, OPI availed a term loan agreement with a local bank for the construction of Inabasan Mini-Hydro Power Plant amounting to ₱1.3 billion. The release of loan proceeds depends on the fulfillment, compliance or submission by OPI of the specific conditions for the following project components: civil works, electro-mechanical works, and contingent works. As of September 30, 2020 and December 31, 2019, the total loan amounted to ₱1.0 billion and ₱1.1 billion, respectively.

   On July 15, 2015, OPI availed a term loan agreement with a local bank amounting to ₱90.6 million to finance the costs incurred for OPI's Calapan Diesel Power Plant Expansion. The loan is payable within 10 years with six months grace period with 7.65% interest rate per annum. As of September 30, 2020 and December 31, 2019, the loan amounted to ₱50.8 million and ₱53.2 million, respectively.

In 2019, 2017 and 2016, OPI entered into various car loan agreements with a local bank for OPI's BOD and officers' requirements. The cost of the cars was capitalized as part of "Transportation equipment" account. The amount financed by the bank is payable in monthly installments for 5 years with annual interest rates of 9.18%-9.35% in 2020 and 2019. As of September 30, 2020 and December 31, 2019, the loan balance amounted to ₱1.8 million and ₱2.8 million, respectively.

c. In December 2005, CWWC entered into loan agreement from a local bank for the rehabilitation, expansion and improvements of its waterworks system for ₱137.0 million payable in fifteen (15) years. Interest is fixed at 10.5% per annum, reviewable and subject to adjustment annually thereafter but not to exceed 15% per annum. CWWC was able to negotiate the interest rate at 6.25% in 2020 and 2019.

   In 2014, CWWC entered into another loan agreement with local bank for ₱118.2 million. The loan is payable in ten (10) years with annual interest of 6% to 6.5%. The proceeds of the loan will be used exclusively to finance the water source development, acquisition of three (3) sets of electro-mechanical equipment, site and land development, construction of a high ground reservoir and expansion of its waterworks system.

   Debt Covenant
   CWWC executed a Deed of Assignment relative to the loan, in favor of the bank of (a) a portion of CWWC's Reserve Fund (via Savings or Other Investment Account) equivalent to two monthly interest amortization during the grace period, to increase to two monthly principal and interest amortization after the grace period onwards and (b) billed water/receivables until the amount of the loan is fully paid. The Reserve Fund shall be maintained for CWWC's expenses for maintenance, operation and emergency fund.

   Also, the Parent Company, CWWC and major stockholders mortgaged their real estate and other equipment situated in Calapan City, Oriental Mindoro in favor of the bank. The titles of the mortgaged property have already been delivered to the bank.

   As of September 30, 2020 and December 31, 2019, this loan amounted to ₱84.3 million and ₱89.5 million, respectively.

d. In February 2018, Servwell availed auto loan financing from a local bank. Total loan proceeds amounted to ₱0.8 million with interest rate of 7.6% which is payable in twelve (12) monthly installments from the date of availment. As of March 31, 2019, this loan was paid fully paid.

5. **Related Party Transactions**

The Group has the following transactions with related parties:

a. Unsecured and non-interest bearing cash advances made by stockholders to the Group for working capital purposes which are payable on demand and usually settled in cash.

b. Unsecured and noninterest bearing cash advances from affiliates for working capital purposes which are payable on demand and usually settled in cash.

c. On July 15, 2014, CWWC entered into another construction agreement with an entity under common/shared ownership where the latter agreed to complete the execution and completion of Phase 1 of 2014 Expansion Program. Total contract price of the project amounted to ₱193.1 million. In 2018, the construction project was completed.

Affiliates are entities that are owned and controlled by the Parent Company and neither a subsidiary nor associate of the Group. These affiliates are effectively sister companies of the Group by virtue of ownership of the Parent Company.

6. Other Income (Charges) - net

This account consists of:

	Nine months ended September 30	
	2020	2019
Financial costs	**(₱85,330,874)**	(₱90,754,257)
Bank charges	**(1,755,202)**	(1,844,756)
Financial host expense	**(645,669)**	(471,117)
Interest income	**628,394**	578,430
Loss on disposal of property, plant and equipment	**(428,131)**	–
Net foreign exchange loss	**(4,534)**	(1,176)
Gain on fair value of investment properties	**–**	46,799,000
Others	**295,468**	148,375
	(₱87,240,548)	(₱45,545,501)

7. Income Taxes

The provision for income tax differs from the amount computed by applying the statutory income tax rate to income before income tax due mainly to interest income already subjected to final tax at a lower rate.

Deferred tax assets consist of tax effect of retirement benefits liability, net operating loss carry-over, allowance for impairment losses of receivables, carryforward benefit of minimum corporate income tax, prepaid rental and unrealized foreign exchange loss.

Deferred tax liabilities include tax effect of fair value adjustments in investment property and property and equipment, capitalized borrowing costs, unrealized foreign exchange gain/loss and revaluation surplus recognized under OCI.

8. Earnings Per Share (EPS)

Computation of EPS is as follows:

	Nine months ended September 30	
	2020	2019
Net income attributable to equity holders of the parent company	**₱13,095,764**	₱50,179,877
Divided by weighted average number of common shares	**281,500,000**	281,500,000
	₱0.0465	₱0.1783

9. **Other Matters**

The following are major events affecting the Parent Company and subsidiaries:

Granville Ventures Inc. (GVI)
On September 24, 2020, GVI's Board of Directors (BOD) approved the increase in GVI's authorized capital stock (ACS) from ₱1,000,000 divided into 1,000,000 common shares at par value of ₱1 per share to ₱10,000,000 divided into 10,000,000 common shares at ₱1 par value per share. The Parent Company waived its right to subscribe to additional GVI shares. Out of the increase in ACS of ₱9,000,000, ₱2,250,000 worth of shares has been actually subscribed with par value of ₱1 per share and ₱562,500 has been paid in cash. This is currently in process and waiting for SEC's approval.

COVID-19 Outbreak
In March 2020, the COVID-19 outbreak was declared to be a global pandemic by the World Health Organization causing the government to declare the country in a state of public health emergency followed by the implementation of mandated lockdowns all over the country resulting in a slowdown in the Philippine economy. This has materially affected the technical and leasing activities of the Group since some clients' businesses are affected by the COVID-19 situation and some have decided to close temporarily. While the clients pay technical services and rent on a monthly basis under a yearly contract, their capacity to pay was compromised by the economic downturn as an impact of COVID-19 pandemic. Notwithstanding the situation, management believes that with the Group's access to short-term and long-term funding, the Group can continue as a going concern.

Deconsolidation of Jolliville Leisure & Resort Corporation (JLRC) and Subsidiaries
On September 25, 2019, JLRC's Board of Directors (BOD) and stockholders approved the increase in JLRC's authorized capital stock (ACS), which was approved by the SEC on November 4, 2019. The Parent Company waived its right to subscribe to additional JLRC shares. As a result, the Parent Company's ownership interest in JLRC decreased from 100.00% in 2018 to 15.12% in 2019. Accordingly, the Parent Company's investment in JLRC was reclassified from "Investments in subsidiaries" to "Financial assets at fair value through other comprehensive income (FVOCI)". The Parent Company's loss of control of JLRC resulted to JLRC's deconsolidation in the preparation of the Group's consolidated financial statements as at December 31, 2019.

Jolliville Holdings Coproration ***EXHIBIT II***

Schedule of Financial Indicators

KEY PERFORMANCE INDICATORS

			September 2020	September 2019
I PROFITABILITY				
Return on Total Assets	ROA=	NI+ {(interest exp x (1-tax rate)}	80,009,136	95,957,274
		Ave. Total Assets	5,692,110,142	6,073,696,172
It measures efficiency of the Group in using its assets to generate net income.			0.0141	0.0158
Return on Equity	ROE=	Net Income	20,277,524	32,429,294
		Ave. Stockholders Equity	2,431,266,403	2,373,353,082
It is a measure of profitability of stockholders' investments. It shows net income as percentage of shareholder equity.			0.0083	0.0137
Water Revenue per Subscriber	WRS=	Water Revenue	203,047,632	202,347,106
		Ave. No. of Water Subscribers	22,465	20,911
Measures how well service and facilities improvements have influence consumer's usage.			9,038	9,677
II FINANCIAL LEVERAGE				
Debt Ratio	Debt Ratio=	Total Liabilities	3,279,629,990	3,648,462,459
		Total Assets	5,721,035,155	6,135,010,688
It is a solvency ratio and it measures the portion of the assets of a business which are financed through debt.			0.5733	0.5947
Debt to Equity Ratio	Debt to Equity=	Total Liabilities	3,279,629,990	3,648,462,459
		Shareholder's Equity	2,441,405,165	2,486,548,229
It measures the degree to which the assets of the business are financed by the debts and the shareholders' equity of a business.			1.3433	1.4673
III MARKET VALUATION				
Price to Book Ratio	PB ratio=	Market value/share	4.30	5.79
		Book value/share	6.43	6.41
Relates the Group's stock to its book value per share.			0.6687	0.9033

JOLLIVILLE HOLDINGS CORPORATION AND SUBSIDIARIES
AGING OF ACCOUNTS RECEIVABLE
SEPTEMBER 30, 2020 AND DECEMBER 31, 2019

	SEPTEMBER 30, 2020				
	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	212,735,344	2,017,241	1,415,715	35,660,147	251,828,447
Advances and nontrade	550,440	-	-	17,654,934	18,205,374
	213,285,784	2,017,241	1,415,715	53,315,081	270,033,821

	DECEMBER 31, 2019				
	Current	1-30 days	31-60 days	Over 60 days	Total
Trade	147,801,241	901,020	773,654	30,314,518	179,790,433
Advances and nontrade	60,484	-	-	17,649,193	17,709,677
	147,861,725	901,020	773,654	47,963,711	197,500,110

JOLLIVILLE HOLDINGS CORPORATION
SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
AS OF SEPTEMBER 30, 2020

Unappropriated retained earnings at beginning of year	₱	**700,187,703**
Less:		
Deferred tax assets at begininng of year		**(2,981,669)**
Revaluation surplus, net of tax		**(86,825,053)**
Cumulative fair value changes on investment property, net of tax		**(216,596,122)**
Total unappropriated retained earnings, as adjusted at beginning of year		**393,784,859**
Net loss during the period		**(4,325,350)**
Less: Movement in deferred tax assets		**(192,810)**
TOTAL UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF PERIOD	**₱**	**389,266,699**

Reconciliation:		
Unappropriated retained earnings at end of period		**695,862,353**
Add deferred tax liabilities at end of period		**130,037,647**
Less:		
Revaluation surplus		**(124,035,790)**
Cumulative fair value changes on investment properties		**(309,423,032)**
Deferred tax assets at end of period		**(3,174,479)**
TOTAL UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AT END OF PERIOD	**₱**	**389,266,699**

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: **JOLLIVILLE HOLDINGS CORPORATION**

FOR THE REGISTRANT

Chief Executive Officer: **JOLLY L. TING**

Signature and Title: ______________________________

Chief Executive Officer

Chief Financial Officer: **ORTRUD T. YAO**

Signature and Title: ______________________________

Chief Financial Officer

Date: November 10, 2020

CERTIFICATION

I, **ORTRUD T. YAO**, Assistant Corporate Secretary of **JOLLIVILLE HOLDINGS CORPORATION (the "Corporation")**, with SEC Registration Number 134800 and principal office at 4th Floor 20 Lansbergh Place, 170 Tomas Morato Avenue, Quezon City, do hereby certify and state that:

1) That on behalf of the Corporation, I have caused this Quarterly Report (SEC Form 17-Q) to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records; and

3) That the Corporation will comply with the requirements set forth in SEC Notice dated 24 June 2020 for a complete and official submission of reports and/or documents through electronic mail.

IN WITNESS WHEREOF, I have hereunto set my hand this November 10, 2020.

ORTRUD T. YAO

SUBSCRIBED AND SWORN to before me this 10 NOV 2020 in MAKATI CITY, affiant exhibiting to me her passport EC7157000 issued on 18 March 2019 at DFA NCR East as competent evidence of identity.

JOSHUA P. LAPUZ
Notary Public for Makati City
Appointment No. M-66 / Until 12-31-21
Roll No. 45790 / IBP Lifetime No. 04897 / 7-3-03
PTR-O.R. No. 8116016 / 01-02-2020 / Makati City
MCLE No. VI-0016565 / 1-14-19
G/F, Fedman Suites, 199 Salcedo St.
Legaspi Village, 1229 Makati City

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Series of 2020