



16 June 2020

THE SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City, Metro Manila

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets and Securities Regulation Department

Re: **SEC FORM 20-IS OF iPEOPLE, INC. (SEC Reg. No. 166411)**

Gentlemen:

In compliance with the requirements of the Securities Regulation Code relative to the filing of SEC Form 20-IS of iPeople, Inc. (the "Company"), we hereby certify that none of the Company's incumbent directors and executive officers who may be elected and appointed during the Annual Stockholders' and Organizational Meetings to be held on 11 August 2020 are government employees.

We trust that the foregoing sufficiently complies with this Honorable Commission's requirements.


Very truly yours,


SAMUEL V. TORRES
Corporate Secretary

JUL 01 2020

SUBSCRIBED AND SWORN TO BEFORE THIS _____
APPOINTED TO ME HIS/HER _____
MAKATI CITY _____

FILE NO. 71
PAGE NO. 36
BOOK NO. 10
SERIES OF 2020


RUBEN M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2021
IBP NO. 093489 / 10-18-19 CY 2020
ROLL NO. 28947 / MCLE 6 / 3-22-19
TRNO. MKT. 8117044 / 1-2-20 APPT NO. M-152

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING
OF
iPEOPLE, INC.

Date : 28 June 2019
Time : 2:30 P. M.
Place : YIAS, 5th Floor, Tower II
RCBC Plaza, 6819 Ayala Avenue
Makati City, Metro Manila

I. CALL TO ORDER.

The Chairman, Mr. Renato C. Valencia, called the meeting to order and asked the Corporate Secretary, Atty. Samuel V. Torres, whether proper notices of the meeting were sent to the stockholders entitled thereto to which Atty. Torres replied in the affirmative.

II. PROOF OF NOTICES.

As proof, the Corporate Secretary presented the Certification executed by Mr. Manuel Andrew R. Chanco IV of DAG Xpress Courier, Incorporated, certifying to the sending out of notices of the meeting, and Affidavits of Publication, attesting to the publication of the notice in The Philippine Star and Manila Bulletin on 29 May 2019.

III. DETERMINATION OF QUORUM.

The Chairman asked the Corporate Secretary if there is a quorum for the transaction of business, to which the Corporate Secretary certified as follows:

	<u>No. of Common Shares</u>
Total Number of Shares Present in Person or by Proxy	- 910,889,199 Shares
Outstanding No. of Shares Entitled to Vote	- 1,044,263,197 Shares
Percentage of Attendance	- 87.23 %

which was more than two thirds (2/3) of the outstanding number of shares entitled to vote. Whereupon, the Corporate Secretary certified the presence of a legal quorum, and the Chairman declared the agenda open for deliberation.

ATTORNEY

DIRECTORS PRESENT

- | | | |
|---------------------------------|---|--|
| 1. Mr. Renato C. Valencia | – | Chairman of the Board/Independent Director
Chairman, Executive Committee
Chairman, Remuneration Committee
Chairman, Corp. Governance & Nomination Committee |
| 2. Dr. Reynaldo B. Veal | – | President & CEO |
| 3. Mr. Alfredo Antonio I. Ayala | – | Chief Operating Officer |
| 4. Mr. Cesar A. Buenaventura | – | Independent Director
Chairman, Audit & Related Party Transaction Committee
Chairman, Board Risk Oversight Committee |
| 5. Ms. Yvonne S. Yuchengco | | |
| 6. Mr. Lorenzo V. Tan | | |
| 7. Mr. Medel T. Nera | | |
| 8. Mr. Gerardo C. Ablaza, Jr. | | |
| 9. Ms. Herminia S. Jacinto | – | Independent Director |

IV. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETINGS.

The Minutes of the last Annual Stockholders' Meeting held on 29 June 2018 and the Special Stockholders' Meeting held on 12 December 2018 were presented to the stockholders for approval. On motion duly made and seconded, the reading of the said Minutes was dispensed with, and there being no objection or correction to the same, the Minutes were confirmed and approved to be correct.

RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on 29 June 2018 and the Special Stockholders' Meeting held on 12 December 2018 be, as they are hereby, confirmed and approved.

V. APPROVAL OF THE 2018 MANAGEMENT REPORT AND THE AUDITED FINANCIAL STATEMENTS.

The Company's President & CEO, Dr. Reynaldo B. Veal, reported on the various activities and results of the operations of the Company, including that of its subsidiaries, for the period ended 31 December 2018. He commenced his President's Report with an update on the Mapua Schools. In particular, Dr. Veal updated the stockholders on Malayan Colleges Mindanao, Inc., which opened in Davao City last July 2018. He then proceeded to mention that while the student population of the Mapua Schools increased, there was a drop in Total Revenues and Net Income, mainly due to the spill-over effect of the K+12 transition. Moving forward, the financials of the Mapua Schools are expected to improve.

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Dr. Vea also narrated the significant achievements of the Mapua Schools, highlighting the successful efforts to improve the quality of Mapua education, that Malayan Colleges Laguna, Inc. was hailed as the best performing private school in the CALABARZON Region, the Mapua School's excellent record in various government licensure examinations, the accomplishments of Mapua students and alumni, innovative developments such as the introduction of fully online courses, and the ongoing construction of the new Makati Campus, which is scheduled to open for School Year 2020-2021. Dr. Vea also noted the Company's Corporate Social Responsibility activities, particularly mentioning the Mapua Schools' STEM Teach Program whereby online training is offered for free to Senior High School teachers all over the country.

Dr. Vea concluded his report by laying emphasis on the expansion of the Company's reach and horizon with the recent merger between the Company and AC Education, Inc., which provides the Company with more resources and opportunities to increase its presence in various parts of the country.

After Dr. Vea concluded his report, Mr. Valencia noted that the Company's Management Report and the Audited Financial Statements of the Company for year ending 31 December 2018 were sent earlier to the stockholders by mail. He then inquired from the stockholders if there were any questions respecting the same.

There being no further comments, upon motion duly made and seconded, the stockholders present approved the 2018 Management Report and the Audited Financial Statements of the Company for the year ended 31 December 2018, as certified by Ms. Anna Lea C. Bergado of SGV & Co.

VI. RATIFICATION AND CONFIRMATION OF THE ACTS, RESOLUTIONS AND PROCEEDINGS OF THE BOARD OF DIRECTORS, THE VARIOUS COMMITTEES AND OFFICERS OF THE COMPANY DURING THE YEAR IN REVIEW.

On motion made and duly seconded, the stockholders present ratified and confirmed all the acts, resolutions and proceedings of the Board of Directors, the various Committees and Officers of the Company during the year in review.

RESOLVED, that all acts, resolutions and proceedings of the Board of Directors, the various Committees and Officers of the Company during the preceding year be, as they are hereby, affirmed and ratified.

VII. ELECTION OF DIRECTORS FOR 2019-2020.

Thereafter, the Chairman declared the table open for the election of directors for the ensuing year. The Corporate Secretary then presented and read the name of the following persons nominated, evaluated and found by the Corporate Governance and Nomination Committee to have all the qualifications and none of the disqualifications to serve as members of the Board of Directors of iPeople, Inc. for the year 2019-2020:

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Regular Directors

1. Dr. Reynaldo B. Vea
2. Mr. Alfredo Antonio I. Ayala
3. Ms. Yvonne S. Yuchengco
4. Mr. Lorenzo V. Tan
5. Mr. Medel T. Nera
6. Mr. Gerardo C. Ablaza, Jr.

Independent Directors

7. Mr. Renato C. Valencia
8. Mr. Cesar A. Buenaventura
9. Ms. Herminia S. Jacinto

There being no further comment and no other nominees, the Corporate Secretary was requested by the Chairman to cast all votes equally among the above-named nominees. Thereafter, the Chairman declared the above-named nominees as the duly elected members of the Board of Directors of the Company for the ensuing year 2019-2020 and presented them to the stockholders.

VIII. APPOINTMENT OF EXTERNAL AUDITOR.

Upon an earlier recommendation by the Audit & Related Party Transaction Committee, on motion duly made and seconded, Sycip Gorres Velayo & Co. (SGV) was reappointed as external auditor of the Company for the year ending 31 December 2019.

RESOLVED, that the Company hereby appoints Sycip Gorres Velayo & Co. (SGV) as its external auditor for the year ending 31 December 2019.

IX. OTHER MATTERS.

The Chairman inquired if there were any other matters that any of the stockholders wished to discuss or whether there is any other item on the Agenda. The Corporate Secretary confirmed that there was none.

Attest:

X. ADJOURNMENT.

There being no other business to transact, on motion duly made and seconded, the Annual Stockholders' Meeting was adjourned.


SAMUEL V. TORRES
Corporate Secretary

ATTEST:


RENATO C. VALENCIA
Chairman

ANNEX 'A'

A. Procedure to Register to be able to Attend and Participate in the Meeting

Stockholders are requested to notify the Company by July 31, 2020, via email at asm2020@ipeople.com.ph, of their intention to participate in the Company's Annual Stockholders' Meeting on 11 August 2020 by remote communication.

For validation purposes, Stockholders shall also provide the Company with the following information: (a) Name; (b) Address; and (c) Contact Number. The Company may also require the submission of certain documents to ascertain and verify the identity of the requesting person.

B. Procedure for Electronic Voting In Absentia

I. Coverage

Stockholders of iPeople, inc. who chose to electronically vote in absentia, upon valid registration.

II. Registration

1. Who may Register - Stockholders of Record as of July 10, 2020
2. When to Register - Registration period shall be from July 24, 2020 at 8:00am until July 31, 2020 at 5:00pm, Philippine time ("Registration Period"). Beyond this date, Stockholders may no longer avail of the option to electronically participate at the Annual Stockholders' Meeting and vote by remote communication or in absentia.
3. How to Register - The Stockholder will be requested to send a notification to asm2020@ipeople.com.ph together with scanned or digital copy of the documents listed below, within the Registration Period, for validation.

Individual Stockholders:

- a. A recent photo of the Stockholder, with the face fully visible,
- b. Front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address, and
- c. Contact number

Stockholders with Joint Accounts:

- a. Authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account,
- b. A recent photo of the authorized Stockholder, with the face fully visible,
- c. Front and back portions of the authorized Stockholder's valid government-issued identification card, preferably with residential address, and
- d. Contact number of the authorized Stockholder

Broker Accounts:

- a. The broker's certification on the Stockholder's number of shareholdings,
- b. A recent photo of the Stockholder, with the face fully visible,
- c. Front and back portions of the Stockholder's valid government-issued identification card, preferably with residential address, and
- d. Contact number

Corporate Stockholders:

- a. Signed Secretary's Certificate attesting to the authority of the representative to vote for and on behalf of the Corporation,
- b. A recent photo of the Stockholder's representative, with the face fully visible,
- c. Front and back portions of the valid government-issued identification card of the Stockholder's representative, preferably with residential address, and
- d. Contact number of the Stockholder's representative

Stockholders with incomplete requirements, and who were not given the link to attend the meeting through remote communication or vote *in absentia*, may still vote by sending a proxy to the Annual Stockholders' Meeting.

4. Validation of Registration

The validation of the Stockholder's registration shall be completed by the Company within three (3) business days from receipt thereof.

The Company will send an email confirming the successful validation of the Stockholder's registration.

Please note that submission of incomplete or inconsistent information may result in an unsuccessful registration and attendance in the meeting through remote communication will not be allowed.

Note: In light of the recent events and government pronouncements and guidelines surrounding the COVID -19 pandemic, the Company shall allow electronic signature for the required documents, as may be applicable. Notarization requirement shall also be dispensed with at this time. However, the Company reserves the right to request additional information, and original signed and notarized copies of these documents at a later date, as it deems necessary.

III. Voting

Please use the form attached as ANNEX 'B' to record your vote and then email to: asm2020@ipeople.com.ph, on or before July 31, 2020.

Notes & Conduct of Voting:

A. Voting

1. The Stockholder Appointing a Proxy:
Stockholders may give the Proxy the authority to vote in all matters for approval.
2. The Stockholder Voting by Remote Communication or In Absentia:
The Stockholder will be asked to fill in the attached Annex "B".
 - a. For items other than the Election of Directors, the registered Stockholder has the option to vote: For, Against, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
 - b. For the Election of Directors, the registered Stockholder may vote for all nominees, not vote for any of the nominees, or vote for some nominees only, in such number of shares as preferred by the Stockholder, provided that the total

number of votes cast shall not exceed the number of shares owned, multiplied by the number of directors to be elected.

The votes cast in absentia will have equal effect as votes cast by proxy.

B. Tabulation & Validation of Votes In Absentia or by Proxy

All votes cast through proxy forms or in absentia will be tabulated by the Company, and the RCBC Stock Transfer Office will validate the results.

Validation and final tally of votes through Proxy or in absentia shall be released on or before the meeting date.

C. Determination of Quorum

Only those Stockholders who have notified the Company of their intention to participate in the Annual Stockholders' Meeting by remote communication, and who have successfully registered during the Registration Period, together with the Stockholders who voted by proxy or in absentia will be included in the determination of quorum.

D. Access to the Live Meeting

The Company will send the registered Stockholders the link to the live webcast of the Annual Stockholder's Meeting through the email confirming their successful registration no later than two (2) business days prior to the date of the Meeting.

E. Stockholders' Questions/Comments During the Meeting

Stockholders may send their questions and/or comments during the meeting to asm2020@ipeople.com.ph. The Corporate Secretary shall raise these questions on behalf of the Stockholder.

F. Recording of the Annual Meeting

The Company shall post the link to the recorded webcast of the Annual Stockholder's Meeting on the Company's website within two (2) weeks after the conduct of the meeting.

ANNEX 'B'

Electronic Voting In Absentia

PROPOSAL	ACTION		
	FOR ALL	WITHHOLD FOR ALL	EXCEPTION
Election of Directors Management Nominees are: 1. Reynaldo B. Vea 2. Gerardo C. Ablaza, Jr. 3. Alfredo Antonio I. Ayala 4. Medel T. Nera 5. Lorenzo V. Tan 6. Yvonne S. Yuchengco Independent Directors: 7. Renato C. Valencia 8. Cesar A. Buenaventura 9. Herminia S. Jacinto INSTRUCTIONS: <i>To withhold authority to vote for any individual nominee(s) of Management, please mark Exception box and list name(s) under.</i>			
	FOR	AGAINST	ABSTAIN
Approval of the Minutes of the Annual Stockholders' Meeting held on June 28, 2019			
Approval of the Management Report and the Audited Financial Statements for 2019			
Ratification and confirmation of the acts, resolutions and proceedings of the Board of Directors, the Various Committees and the Management of the Company from the date of the last Annual Stockholders' Meeting until the date of this meeting			
Appointment of SGV as External Auditors			

DATE: _____

STOCKHOLDER'S NAME: _____

STOCKHOLDER'S SIGNATURE: _____

**Please submit this form on or before end of the business day of July 31, 2020, and accompanied by any government issued identification.*

MANAGEMENT REPORT

Financial and Other Information

Audited Financial Statements

The Statement of Management's Responsibility and Consolidated Audited Financial Statements of the Group as at December 31, 2019 are attached hereto as Annex "D".

Changes in and Disagreements with Accountants in Accounting and Financial Disclosure

None

Management Discussion and Analysis of Financial Condition and Plan of Operations

1. Description of Business

iPeople, inc. ("iPeople" or "the Company") is the holding company under House of Investments, Inc. and the Yuchengco Group of Companies ("YGC") that drives investments in the education sector. The Company is a publicly listed company on the Philippine Stock Exchange (PSE: IPO). iPeople, inc. is invested in the education sector.

Its main operating subsidiaries are the Malayan Education System, Inc. (Operating under the name of Mapúa University) ("Mapúa University" or "MESI"), National Teachers College (doing business under the name The National Teachers College) ("NTC"), University of Nueva Caceres ("UNC") and Affordable Private Education Center, Inc. (doing business under the name of APEC Schools) ("APEC").

Mapúa University also has three main wholly owned subsidiaries, the Malayan Colleges Laguna, Inc. A Mapúa School ("MCL"), Malayan Colleges Mindanao (A Mapua School), Inc. ("MCM") and the Malayan High School of Science, Inc. ("MHSS").

MCM is Mapúa University's newest incorporated school. MCM opened its doors to senior high school and college students in July 2, 2018.

1.1 Business of the Issuer

The Holding Company

Executive management takes an active role in the business operations of the companies under its portfolio. Through participation in management and operations meetings and regular reviews, iPeople leads the planning and monitoring of achievement of goals.

In particular, management watches operating metrics very closely and how these impact the financial metrics. By monitoring operating metrics and financial metrics, executive management can always determine whether the capital deployed to various businesses within the portfolio is being used efficiently and generate returns that meet hurdle rates.

Executive management also engages in continuous business development programs. These business development activities range from assisting subsidiaries in developing growth opportunities within their respective businesses, developing expansion plans or at the holding company level, exploring new opportunities for portfolio diversification.

Risk Factors at the Holding Company Level

The following covers the risk management policies at the holding company level.

a. Interest Rate Risk

It is a company policy to use excess liquidity to pay down any borrowings in order to decrease financing costs, and reduce exposure to rising interest rates. It is also a company policy to

actively discuss with lending banks on how to lower financing costs. The Company does not have a practice of speculating on the direction of interest rates. As of report date, the Company does not have any borrowings that will directly expose it to interest rate risk.

b. Foreign Exchange Risk

Foreign exchange risk results primarily from movements in the prevailing exchange rate between the Philippine Peso (PHP) and the United States Dollar (USD). This risk does not materially affect the Company as the revenues and the operating expenses of iPeople are denominated in PHP.

c. Liquidity Risk

This refers to the ability of the Company to service maturing debts, finance capital requirements, and pay for existing operations. IPO maintains a consistent level of funding and constantly monitors its projected cash flows. Close attention is paid to asset liability management.

d. Credit Risk

iPeople's exposure to credit risk is very minimal because its receivables are mostly from related parties, which are being managed through close account monitoring and limit setting. However, iPeople's holding of cash and short-term securities exposes the company to the credit risk of the counterparty.

e. Price Risk

Available for sale (AFS) financial instruments are subject to price risk due to changes in market values because of specific factors related to these securities, or because of factors related to the overall market for financial assets. Consistent with corporate priority for liquidity, iPeople limits its exposures to non-equity financial instruments.

f. Business Continuity Risk

The Company is acutely conscious of the risks posed by natural disasters, acts of God, or other man-made actions that can have an adverse impact on the continuity of regular operations. The iPeople Board through its Risk Oversight Committee and the management team monitor that the business continuity plans of each operating subsidiary is in place and is up to date. Further, iPeople works with the Yuchengco Group of Companies Business Continuity Management - Disaster Recovery Management (YGC BCM-DRM) Council to ensure that necessary precautionary measures are taken to mitigate risks that may cause disruptions to the operations of our various subsidiaries.

g. Succession Risk

The company knows that people are an important resource and that its executive management team is a significant contributor to the continuing growth of iPeople, inc.. In order to preserve the management chain of succession and institutional knowledge that comes with it, the executive management works with the executives of the Company's Parent Company and the executives of the operating subsidiaries to ensure continues training and career development plans are in place.

Implementation of the IPO Enterprise Risk Management Framework is carried out by the IPO Risk Team, which consists of Risk Officers from the schools. The Risk Team is overseen by the iPeople Chief Risk Officer (CRO). Group Internal Audit (IA) continues to provide valuable input to risk management through their regular audits.

The BROOC exercises an oversight role on executive management who are accountable for managing the risks that arise out of regular business operations. Risk related concerns are discussed during the quarterly Board Risk Oversight Committee (BROOC) meetings.

School Operations

MALAYAN EDUCATION SYSTEM, INC. (OPERATING UNDER THE NAME OF MAPUA UNIVERSITY)

Founded in 1925 by Don Tomas Mapúa, an architecture graduate of Cornell University in the United States and the first registered architect of the Philippines, Mapúa University is the Philippines' premier engineering and technological university.

Mapúa envisions itself to be among the best universities in the world, unceasingly fostering its tradition of excellence in engineering and sciences, architecture and design, information technology, business and management, media studies, and social sciences education. It provides students a learning environment that will make them globally competitive, engaging in economically viable research, development, and innovation to provide state-of-the-art solutions to problems of industries and communities.

Mapúa has been recognized among Asia's top 500 universities as it entered the Quacquarelli Symonds (QS) Asia University Rankings for 2019 and 2020. In 2017, it received a three-star overall rating for excellence from QS. It received five stars in the areas of employability, facilities, and social responsibility. In 2019, Mapúa participated in the inaugural Times Higher Education University Impact Rankings, which recognized universities for their social and economic impact, landing in the 301+ bracket for the Partnership for the Goals category.

It is the first school in Southeast Asia to obtain accreditation from the United States-based ABET (www.abet.org). Currently, 11 of its engineering programs and three of its computing programs are accredited by ABET's Engineering Accreditation Commission and Computing Accreditation Commission, respectively. It also has the most number of engineering programs (Chemical Engineering, Civil Engineering, Computer Engineering, Electrical Engineering, Electronics Engineering, Environmental and Sanitary Engineering, and Mechanical Engineering; Information Technology) recognized as Centers of Excellence by the Philippine Commission Higher on Education.

The University's strong academic foundation ensures its graduates are of high caliber taking lead roles in the global arena. To date, it has produced over 370 toppers across 11 of national professional licensure examinations since 2000. Its students are also prepared for the world of practice through their exposure to international on-the-job trainings, and research and development undertakings, which are achieved through the University's continuous forming of international linkages with prestigious companies and universities.

Mapúa aims for the empowerment of the youth by providing education grounded on academic excellence and strength of character. It emphasizes the importance of the core values of discipline, excellence, commitment, integrity, and relevance (DECIR), ensuring that it does its share in producing men and women who live fulfilled and meaningful lives.

Continuing its efforts to bolster the University's world-class quality of education, Mapúa has strategized an advancement of its game plan envisioning itself as a digital, research-driven, outcomes-based, international domain (DROID) in response to globalization and the explosion of knowledge.

MALAYAN COLLEGES LAGUNA, INC. (A MAPUA SCHOOL)

Located in Cabuyao, Laguna, alongside several science and industrial parks, Malayan Colleges Laguna (MCL) was established to extend the brand of the Mapúa Institute of Technology to the south by offering programs in engineering, computer science, information technology, business, accountancy, and hotel and restaurant management to students who prefer to stay closer to home.

The institution's community started with 854 students in 2007 in the academe. Today, there are 6,101 students under both college and Senior High School ("SHS"). MCL, like its parent school Mapúa University, offers SHS. MCL also adopted Mapúa's design for its SHS curricula and imbedded Internet of Things ("IoT"). This gave MCL a unique advantage in the secondary education sector, ensuring that our students and curricula remain competitive on a global scale as well. MCL SHS was opened in 2016 welcoming 1,012 Grade 11 students. In 2019, MCL took 1,301 Grade 11 students.

In 2006, the CHED gave the approval for MCL to offer eight programs of study in Engineering, Information Technology, and Business. This was after MCL's satisfactory compliance with the standards of the CHED's Regional Quality Assurance Team. To date, the campus offers 22 bachelor's degree programs and two diploma

programs under five colleges and one institute: the Mapúa Institute of Technology at Laguna, the E.T. Yuchengco College of Business, the College of Computer and Information Science, the College of Arts and Science, the Mapúa-PTC College of Maritime Education, and the Institute for Excellence in Continuing Education and Lifelong Learning.

As part of its pledge to provide quality education to its students, MCL has reached yet another milestone in 2017 by having its Chemical Engineering and Computer Engineering programs granted a 2-year accreditation term for Academic Year 2018-2019 to 2019-2020 by the PTC-ACBET. MCL's Electronics Engineering (ECE) and Mechanical Engineering (ME) programs, which were granted their certificates of accreditation last March 2016, were also awarded re-certification for another period of 4 years (AY 2017-2018 to 2020-2021), which is tantamount to eventually getting PTC-ACBET's Full Accreditation certification.

Driven by passion for knowledge, MCL seeks to meet the challenges of globalization in order to produce graduates who can exercise their skills in the global labor market. With its excellent facilities, technologically advanced and IT-integrated curricula, MCL is envisioned to be a Center of Excellence for science and technology education in Southern Luzon. MCL has been successfully producing graduates and students with consistent excellent performance in licensure and certification exams, and in local and national competitions and quiz bowls.

In 2016, FindUniversity.ph marked it as the number one private school in CALABARZON and the 10th best school in the Philippines.

As a result of its quest to continually improve 21st century education, MCL took home the Blackboard Catalyst Award for Leading Change during the Blackboard Teaching and Learning Conference Asia 2017 in Singapore last October 4, 2017. The Catalyst Award for Leading Change is given to institutions that are steering educational innovation by developing and implementing high impact strategies.

This school year, MCL once again excelled in the different licensure and certification exams, garnering outstanding performances and perfect passing rates (100%) in the Electrical Engineer Licensure Exam, Electronics Technician Licensure Exam, and the Industrial Engineering Certification Exam.

In the August 2019 Mechanical Engineer Licensure Examination, MCL, having obtained a 95.65% passing rate, ranked as the no. 2 Top Performing School with 10 to 49 Examinees. The institution has been consistent with its licensure exam results for Mechanical Engineering, ranking as the no. 1 Top Performing School among private higher education institutions and no. 4 Top Performing School in the Philippines with its 95.05% weighted passing rate in the 2014 to 2018 Mechanical Engineer Licensure Exam.

In October 2019, MCL achieved another milestone as it was granted Autonomous Status, as per CHED Memorandum Order No. 12, Series of 2019. Given this, MCL will be offering two new programs, B.S. Business Administration and B.S. Psychology, starting Academic Year 2020-2021.

In December 2019, MCL's Marine Engineering (MarE) and Marine Transportation (MT) programs were awarded re-certification for 5 years (A.Y. 2019-2020 to 2023-2024) by the Belgian Maritime Inspectorate (BMI).

MALAYAN COLLEGES MINDANAO (A MAPÚA SCHOOL), INC.

Incorporated in 2015, Malayan Colleges Mindanao (A Mapua School), Inc. was established to offer Mapua-education in Davao and Mindanao. MCM looms along General Douglas MacArthur Highway in Matina, Davao City, and opened its doors to senior high school and college students last July 2, 2018.

MCM has the core vision of transforming students to become globally competitive professionals highly preferred by industries locally and abroad. The institution also distinguishes itself from rest of the colleges and universities in Mindanao through:

1. Learner-centered outcomes-based education
2. Blended online and face-to-face learning sessions
3. Industry Partnerships
4. Mindanao-centric Learning
5. Advanced Learning Facilities

With 14 baccalaureate programs in engineering, architecture, arts and sciences, information science, business, and complete senior high school academic and technical-vocational tracks, MCM has already reached its target number of enrollees in its first year of operation in Davao City.

For the school year 2019-2020, MCM expands global initiatives with new partners and opening of three additional programs under Alfonso T. Yuchengco College of Business namely, B.S. Accountancy, B.S. Management Accounting and B.S. Tourism Management.

In line with its mission to provide a holistic learning environment, MCM had collaborated with various organizations in spearheading transformative school activities such as coastal clean-up and recycling plastic wastes projects, water conservation and environmental dialogues with the private and public sectors as well as donation drives for the victims of the recurring earthquakes in Mindanao.

In the pursuit of Excellence and Relevance, Malayan Colleges Mindanao continues to strive to go beyond expectations and be involved in the development of sustainable solutions to global issues, at the same time it upholds the values of educational excellence, social responsibility and environmental preservation.

MALAYAN HIGH SCHOOL OF SCIENCE, INC.

Established in 2006, Malayan High School of Science (MHSS) is a leading junior high school in Manila. It aims to be a global center of excellence in secondary education especially in the area of science, technology, and mathematics (STEM). The junior high school of Mapúa University, one of the country's leading universities, MHSS maintains sterling education standards.

Malayan Science implements innovative curricula, offering advanced subjects and courses in STEM, Robotics and Technology, Internet of Things (IOT), Microsoft Office Productivity Tools, and Coding. It houses state-of-the-art classrooms, laboratories, and facilities and utilizes digital resources and technologies for teaching and learning.

MHSS promotes the holistic development of its students, providing them avenues inside and outside the campus to showcase their various talents and skills. It implements a Safe School Policy and employs strict security measures, maintaining an environment that is safe and conducive to learning.

NATIONAL TEACHERS COLLEGE (DOING BUSINESS UNDER THE NAME OF THE NATIONAL TEACHERS COLLEGE)

The National Teachers College was founded by Dr. Segundo M. Infantado, Sr., a former Director of Public Instruction of the Philippines and Dr. Flora Amoranto-Ylagan, one of the country's leading educator. NTC was officially incorporated on September 29, 1928 and was authorized by the Department of Public Instruction on April 17, 1929 to operate as an educational institution. Its doors opened to the student public on June 10, 1929 and was granted government recognition on February 17, 1930.

NTC was the first Higher Education Institution (HEI) in the Philippines to offer collegiate programs dedicated to teacher education. Among private educational institutions in the Philippines, it has attained a pre-eminent place in educational leadership, particularly in the field of teacher education. Its performance in the Licensure Examination for Teachers is always above the national passing rate.

Gearing toward industrialization and developing professionals for national productivity and global competitiveness, collegiate programs were expanded to include business, hospitality, information technology, and psychology. The Senior High School program was likewise opened offering both Academic and Tech-Voc. Tracks.

Through the years, the NTC has continually striven to keep abreast of educational development here and abroad. It has always endeavored to make its programs of training relevant to the life of the nation, and the conditions prevailing among the people for whose welfare its students are being trained.

The Philippine Association of Colleges and Universities- Commission on Accreditation (PACU-COA) granted the Bachelor of Secondary Education and Bachelor of Elementary Education Level III, re-accredited status, while the Bachelor of Science in Office Administration, Master of Arts in Education, and Doctor of Education have level 1 accreditation.

With a student population of close to 13,000, NTC continues to perform its share in educating and training teachers, administrators, supervisors, and other professionals who will serve in the interest of the Republic of the Philippines and the world at large. Added to all these may be mentioned the periodic revisions and enrichment of the curriculum of general and professional education and the improvement of the methods and technology in instruction thus, bringing accessible quality education to transform the lives of the Filipinos.

UNIVERSITY OF NUEVA CACERES

The University of Nueva Caceres (UNC), first university in Southern Luzon, traces its humble beginning with the benevolence of Dr. Jaime Hernandez, former Secretary of the Department of Finance, as his way of giving back to the Bicolano community. In February 1948, Dr. Hernandez together with other prominent Bicolanos, formed the Nueva Caceres College. Five years after its establishment, the school attained a University Status.

His leadership was succeeded by one of his daughters, Dr. Dolores H. Sison. Her passion was to continually prepare the UNC for the challenges of the twenty-first century. She also introduced and implemented new programs and courses to keep abreast with the demands of global education.

In July 2015, the University of Nueva Caceres partnered with Ayala Corporation through Ayala Education, Inc to further enhance the quality of education through industry and technology driven innovations. UNC is the first university of AEI banner the blazing power of $1+1=3$ which means that the combination of the two will yield extraordinary positive outcomes for the Bicol Region and the country as a whole. With Mr. Alfredo I. Ayala as the third University President, the curricula were tailor fitted to the needs of the industry in such a way that we produce graduates who are trained to address the demands of compelling careers.

Under the current leadership of the fourth University President, Dr. Fay Lea Patria M. Lauraya, UNC endeavors to fulfill its tri-focal function of instruction, research, and extension while making education accessible and affordable. UNC's battle cry "from first to number one" summarizes UNC's audacious goals of excellence in quality, access, relevance, and responsiveness. UNC aims to be known not only as the first university in Bicol, but to be the number 1 university in terms of employability of graduates.

Currently, the University offers complete basic education, four programs in the College of Arts and Sciences, thirteen in the College of Business and Administration, five in the College of Computer Studies, thirteen in the College of Education, six in the College of Engineering, Nursing Course, Criminal Justice Education, Juris Doctor, and three Doctorate and fifteen Masters Degree programs in the Graduate Studies department.

As of 2019, a total of 29 programs are accredited by the Philippine Association of Colleges and Universities Commission on Accreditation (PACUCOA). It conferred level III status in five Bachelor of Science in Business Administration programs, in four Master of Arts in Education programs, and in Master of Business Administration. Seven Bachelor of Secondary Education programs, two Bachelor of Elementary Education programs, two Bachelor of Arts programs, and Bachelor of Science in Biology were also accredited with level II status. It also recognized Bachelor of Science in Accountancy, Bachelor of Science in Computer Science, Bachelor of Science in Information Technology, Bachelor of Science in Nursing, Doctor of Philosophy major in Behavioral Management, and Elementary education with level I accreditation status.

During the last seventy-two years, the University of Nueva Caceres has produced 160 top-notchers in government Bar and Board examinations. Aside from this, UNC has also produced many student leaders awarded by national and regional recognition bodies. This hefty collection of "golds" speaks well of the quality of instruction in the UNC. Further evidence of this is shown by the thousands of UNC graduates who are now professionals or who occupy responsible positions in the government and in the private sector.

The UNC continues to be a leading school in Bicol which offers good education accessible by the community, and serves as a key factor of progress in Naga and the Bicol region.

AFFORDABLE PRIVATE EDUCATION CENTER, INC. (DOING BUSINESS UNDER THE NAME OF APEC SCHOOLS)

APEC Schools was founded in 2013 with the vision of providing affordable but quality private education to thousands of Filipinos. Its mission is to prepare its students for college, employment or both. It is a chain of private high school that offers K-12 program of the Department of Education.

APEC Schools opened in 2013 with only 130 students. In 6 years, it has expanded to 23 branches with more than 15,800 students and almost 800 employees.

In 2016, APEC Schools offered Senior High School with the Accounting Business Management strand, and Accelerated Career Experience, its own job immersion program developed with employer partners.

In 2018, APEC Schools celebrated its 5th year anniversary and graduated the first batch of 2,000 Senior High School students. Most students have gone on to top colleges and universities, while 15% have gone on to be employed within three months of graduation.

The school has been producing graduates with outstanding scholastic records. Our graduates have an average of more than 88% passing rates on all college entrance test they have applied to. The students have applied to top universities and other well-known state colleges of their choice.

On the other hand, 96% Senior High School graduates who sought employment have received job offers 120 days after their graduation, receiving an average starting monthly salary of P16,000. APEC Schools' commitment has always been creating a better future for students and that is what guides this institution to move forward.

On its 7th year, it now envisions to be the school of choice for real-world learning in every community with a mission to transform lives through accessible and innovative education. These statements testify that APEC Schools have achieved success and will continue to grow.

Risk Factors related to School Operations

- a. Regulatory, recognition of academic programs, and accreditations from government, and self-regulating private accreditation organizations.
 - Accreditations. The schools are governed and regulated by the CHED and by the Department of Education (“DepEd”), depending on the program offerings. In addition, MESI and MCL are also accredited by PACUCOA. MESI is also accredited by the ABET; MESI and MCL are both accredited by PTC-ACBET and PICAB. APEC has a MOA with DepEd which allows the company to operate schools without owning the premises. There is a pending Revised DepEd Manual which will formalize this exception.

The failure of any of our schools to pass government standards, or to meet accreditation renewal standards, may negatively impact the perception of the quality of our academic programs and facilities. If this happens, we might expect our enrolment to decrease, which would have an adverse impact to our profits and cash flow.
 - Tuition Fee. The Commission on Higher Education and the Department of Education regulates tuition increases at the university level and the secondary level, respectively, and routinely sets maximum limits on percentage increases in tuition fees. This regulation applies to our non-autonomous schools, MCM, UNC, NTC and APEC. The inability of non-autonomous education institutions to increase tuition fees to cover higher operating costs may pose a risk to profits and cash flows over time.
 - Changes in regulations. The Universal Access to Tertiary Education Act (RA10931) had its implementation in AY 2018-19. This resulted to notable decline in college freshman intake in private schools as large portion of the incoming freshman applied to SUCs/LUCs to avail of free education under the Act.

The Free College Education Act poses a risk to our schools. This may adversely impact enrollment numbers if prospective students will opt to enroll in state-run universities and colleges.

b. Competition

- Faculty. The schools depend on high quality faculty to teach the educational programs. To the extent that they can, the schools at both the tertiary and secondary level recruit faculty with excellent academic credentials and teaching skills. The schools might not be able to recruit the desired faculty due to any number of factors, including mismatches between the desired compensation and offer; competing recruitment from other educational institutions; or candidates seeking opportunities abroad.

The schools also work to retain key faculty in certain academic disciplines in order to maintain continuity and reduce turnover. If recruitment and retention efforts suffer, the quality of teaching and the quality of academic programs might suffer.

- Students. Competition among schools for greater student enrolment is fierce. Mapua is an established brand, with ISO 14001:2015 and 9001:2015 certifications, while the other IPO schools are establishing or have established their own brands.
- Accreditations. IPO Schools continue to pursue accreditations from self-regulating private accreditation organizations in addition to the government accreditation bodies

c. Credit Risk

As the schools increase their enrollment, the level of receivables also increases. Some of the students who cannot afford to make the full payment of tuition and miscellaneous fees during an academic term execute a Promissory Note and are expected to settle their accounts prior to the start of the next academic term. Majority of the senior high school students of APEC avail of the Senior High School Voucher Program (SHSVP) of the DepEd which results to a longer collection period for the school.

The schools do not aggressively pursue collection of defaulted student debt given that the default rate is small. Regardless, the schools face a risk that a rise in student defaults on promissory notes would impact profits and cash flows negatively.

d. Operational Risk

The following may hamper the operations of the IPO schools:

- Natural calamities and disasters. Our schools, like many other enterprises, are subject to adverse occurrences beyond our control, which include (but are not limited to) earthquakes, floods, and similar natural phenomena. We believe we carry enough insurance to hedge against the monetary damages caused by these events. In the event that the damage to our facilities arising from said events are severe and our insurance is not enough to cover it, our operations and ability to return to normal conditions might be severely affected.
- Labor unrest. Mapúa University has two unions, Faculty Association of MIT (FAMIT) and MIT Labor Union (MITLU). The other iPeople Schools have none.

Mapúa University is bound by the collective bargaining agreement (CBA) signed between the institution and the two unions. Mapúa University negotiates with each union separately. The FAMIT represents the faculty members. The MITLU represents the non-teaching staff. To the extent that unions negotiate CBA's with higher increases over time, this would negatively impact the cost structure of Mapúa University and lower the expected value of its profit and cash flows over time. Furthermore, in the event that a CBA is not negotiated

successfully or there is an issue that results in labor unrest or a strike, it could have a material adverse impact on the operations of Mapúa University.

In the event of calamities, strikes, pandemic events, and the like that could hamper the operations of the schools, IPO and all schools have their respective protocols and procedures to manage each particular type of risk. In particular, Mapúa has tested and instituted the use of online facilities such as Blackboard, its learning management system, that enables the school to conduct real-time online classes and facilitates online learning on a school-wide level. This enables the school to continue its classes with minimal disruption. Mapua also has a fully online post-graduate degree courses, implemented online admissions and examinations, and uses e-books instead of traditional school textbooks for all undergraduate and Senior High School students through subscriptions to Wiley and Cengage.

Online learning is likewise being adopted by the other IPO schools through the use of online tools and facilities that approximate a learning management system. Work-from-home arrangements, video-conferencing for meetings and online facilities may also be used to transact business and to ensure operations are not hampered during calamities and pandemic events.

e. Interest Rate Risk

The schools need capital to grow. All of our schools pursue growth opportunities, which may involve any of the following actions: building new teaching and non-teaching facilities at existing campuses; building campuses at new locations.

In order to grow, the schools will need funding. Fund raising can arise from the sale of equity, selling debt securities or bank borrowing. If capital is raised through borrowings, the IPO schools will be subject to interest rate risk. An increase in our negative carry will also adversely impact our profitability.

f. Market Risk and Political Risk

In the event that adverse economic factors hit the country, that may force a subset of students to temporarily drop out and continue their education at a later time, permanently stop school, or transfer to another school. Our student enrolment may be negatively impacted and this will have a negative effect on our profitability.

Since a certain portion of the student population depends on family members who are Overseas Filipino Workers to pay for their tuition and miscellaneous fees. International relations of the Philippines with the employer countries may impact the size and frequency of inward-bound overseas remittances thereby affecting student enrollments.

g. Campus Safety and Security Risk

The potential presence of criminal elements outside the schools pose a risk to our students, especially those who take public transportation. In the event that criminal elements are able to force their way into the schools, the students may lose confidence in the administration's ability to keep them safe. Student enrolment may be negatively impacted and this will have a negative effect on our profitability. IPO manages this by enforcing security measures such as having guards at entrances and exits, roving guards, and CCTV.

Properties:

iPeople and its subsidiaries own land in the following areas enumerated below:

PROPERTY DESCRIPTION	DATE ACQUIRED	AREA (SQ. M.)	TYPE
MALAYAN EDUCATION SYSTEM, INC.			
Intramuros, Manila	1999	17,997	School campus
Intramuros, Manila	2013	513.5	Vacant lot for expansion
Sen. Gil Puyat Ave., Makati	2001	8,371	School campus
Sta. Cruz, Makati City	2018	5,114	School Campus (Bldg. under construction)
MALAYAN HIGH SCHOOL OF SCIENCE INC.			
Paco, Manila	2002	3,624	School campus
MALAYAN COLLEGES LAGUNA, INC.			
Cabuyao, Laguna	2010	60,000	School campus
Cabuyao, Laguna	2012	14,640	Vacant lot for expansion
MALAYAN COLLEGES MINDANAO, INC.			
Brgy. Ma-a, Davao City	2015	23,000	School Campus
Brgy. Ma-a, Davao City	2018	7,000	School Campus
NATIONAL TEACHERS COLLEGE			
Quiapo, Manila	2019	7,316.7	School Campus
Quiapo, Manila	2019	535.3	School Campus
Quiapo, Manila	2019	714.4	School Campus
UNIVERSITY OF NUEVA CACERES			
J. Hernandez Ave., Naga City	2019	49,917	School Campus
AC COLLEGE OF ENTERPRISE AND TECHNOLOGY, INC.			
San Jose del Monte City, Bulacan	2019	6,098	Vacant Lot

The following details the properties that iPeople inc.'s subsidiary have leases:

PROPERTY DESCRIPTION	LOCATION	AREA (IN SQM)	LEASE EXPIRATION
AFFORDABLE PRIVATE EDUCATION CENTER, INC.			
7-Storey Building	Head Office	530.00	11/01/2024
5-Storey Building	V. Luna	865.00	06/30/2028
1-Storey Building	Dona Juana	295.00	09/30/2024
3-Storey Building	North Fairview	1174.00	06/30/2027
4-Storey Building	C. Raymundo	1928.00	06/30/2027
4-Storey Building	Marikina Heights	1247.00	06/30/2026
4-Storey Building	Grace Park West	795.76	08/31/2020
4-Storey Building	Grace Park West	795.76	04/30/2027
4-Storey Building	Tondo	600.00	06/30/2028
5-Storey Building	Tondo (Annex)	1204.00	06/30/2025
4-Storey Building	Muntinlupa	1080.00	06/30/2021
3-Storey Building	Sta. Rita Sucat	1500.00	04/30/2025
4-Storey Building	Dasmariñas	878.00	04/30/2027
3-Storey Building	Bacoor-San Nicolas	485.58	07/31/2020
4-Storey Building	Bacoor-Molino	1215.00	06/30/2029
4-Storey Building	G. Tuazon	434.00	06/30/2021
3-Storey Building	Roxas Boulevard	1074.00	04/30/2029
3-Storey Building	Pateros	1230.00	06/30/2028
4-Storey Building	Taytay	882.21	04/30/2020
3-Storey Building	Ortigas Ext., Cainta	1235.00	04/30/2027
4-Storey Building	Calumpang-Annex	1095.00	03/31/2028
4-Storey Building	España	471.29	06/30/2029
1-Storey Building	JRU Lipa	1255.28	06/30/2021
3-Storey Building	Las Pinas	1266.00	06/30/2026
4-Storey Building	Concepcion Dos	756.00	06/30/2026
4-Storey Building	New Manila	1563.00	04/30/2021
5-Storey Building	San Pablo	1480.00	06/30/2029

2. Management Discussion and Analysis of Financial Condition and Results of Operations

CONSOLIDATED RESULTS - Year 2019 vs. Year 2018

Financial Position

Total consolidated assets increased from ₱9.97 billion to ₱16.27 billion, or a 63% growth compared to last year. The increase in total assets is due to additional development cost of the new Makati campus and the consolidation of assets of the acquired companies into IPO and intangible assets recognized related to the merger with AEI.

Consolidated current assets increased to ₱2.32 billion this year from ₱1.01 billion last year primarily due to the current assets of newly acquired subsidiary companies. The increase in cash and cash equivalents was because of the cash and cash equivalents of the new subsidiaries.

Receivables pertain mainly to matriculation and miscellaneous fees due from students. The 198% increase in receivable was mainly due to timing of start of classes and due to ₱534 million receivables of the new subsidiaries. Prepaid expenses and other current assets went up from ₱82.32 million to ₱176 million mainly because of the ₱18 million prepaid expenses and other current assets of the new subsidiaries..

Consolidated non-current assets grew by ₱4.99 billion or 56% higher mainly due to non-current assets of newly acquired subsidiaries, development of new Makati campus and intangible assets recognized as a result of the merger with AEI. All equity instruments were sold during the year. Other non-current assets went up from ₱33.77 million to ₱110.28 million mainly because of the ₱49.61 million other non-current assets of the new subsidiaries.

Total consolidated liabilities were higher by 84%, primarily because of additional loans acquired by the Group to finance the on-going construction of the new MESI Makati Campus and liabilities of newly acquired subsidiaries.

Accounts payable and accrued expenses pertain largely to obligations to suppliers. Accounts payable and accrued expense went up by 78% because of 1) payables to various suppliers relative to the on-going construction of the new campus in Makati; 2) accrual of salaries and wages and interest on loans; 3) other payables coming from the new subsidiaries such as management and professional fees, withholdings taxes, SSS and other contribution.

Payables to related parties pertain to services provided by the Group's affiliates to support its operations and oversee the on-going construction of school building in Makati.

Unearned income is higher from ₱315 million in December 2018 to ₱781 million due to unamortized tuition fees of Mapua schools and the new subsidiaries.

Total consolidated equity increased from ₱6.41 billion in December 2018 to ₱9.73 billion this year due to the issuance of 295.3 million shares to Ayala Education, Inc, net income for the year and other comprehensive income related to the revaluation increment on land. Equity attributable to Parent is at ₱9.51 billion, from ₱6.00 billion in December 2018.

Results of Operations

The Group posted a consolidated net income of ₱274.09 million, which is 16% higher than the ₱237.10 million last year.

Compared to last year, the consolidated revenue and expenses of the Group went up generally with the higher number of enrolled students, the start of school operations of MCM in July 2018 and revenue and expenses of new subsidiaries.

The higher net income in 2019 is mainly attributed to better results of operations of MESI and MCL and net income contributions of NTC and UNC. The Group started recognizing results of operations of APEC, NTC and UNC in May 2, 2019, the merger's effectivity date. MCM incurred higher net loss mainly due to significant increase in interest expense for loans that partially financed the development of the MCM campus as well as higher depreciation charges. The result of future operations of MCM is expected to improve as it accepts more students in the succeeding years of operation.

Revenue from school operations, which is the primary source of revenue of the Group went up by 66% at ₱3.00 billion from ₱1.81 billion last year. The increase in revenue was primarily due to normalization of freshmen enrolment from K-12 program, improvement in MESI's enrolment process, full year school operations of MCM and revenues of subsidiaries acquired in May 2, 2019.

Cost of tuition and other fees went up by 59% or ₱759 million, while general and administrative expenses increased by 102% or ₱255 million higher from same period last year. The higher expenses in 2019 was primarily due to additional costs related to second year of school operations of MCM and operating expenses of newly acquired subsidiaries.

Interest expense and other finance charges increased from ₱36.03 million last year to ₱106.59 million this year due to additional loans availed by the Group. Interest on loans in 2018 was also significantly lower because MCM capitalized interest as part of the building cost during the construction period.

Interest income increased by ₱11.41 million from last year mainly because of higher interest rates.

Other income (loss) pertains to rental income, provision for impairment, Foreign Exchange gain, income from investment in UITF.

CONSOLIDATED RESULTS - Year 2018 vs. Year 2017

Financial Position

Total consolidated assets increased from ₱7.89 billion to ₱9.97 billion, or a 26% growth compared to last year.

Consolidated current assets increased by 11% primarily because of 110% increase in receivables. The increase in receivables is due to the change in school calendars of MESI and MCL, and the start of school operations of MCM during the year. Receivables from related parties pertain to uncollected lease income from an affiliate. Prepaid expenses and other current assets went down from ₱111.39 million to ₱82.32 million mainly because of the application of deposit for the land purchased by MCM during the year.

The consolidated non-current assets grew by 28% due to the MESI acquisition of land for a new campus in Makati, development of new Makati campus and completion of MCM campus in Mindanao, acquisition of new furniture and equipment, and increase in value of land owned by the Group. Available-for-sale financial assets went down by 43% from last year due to lower market price as of the reporting date. Other non-current assets went down because the reservation deposit paid in 2017 was refunded in 2018.

Total consolidated liabilities increased from P1.87 billion to P3.56 billion. This is primarily due to additional loans availed to finance the acquisition of land and development of new campus in Makati and completion of school campus in Mindanao. Accounts payable and accrued expenses pertain largely to obligations to suppliers.

Unearned tuition fees are higher this year mainly due to the change in school calendar of MESI and MCL and the unearned tuition fees related to start of school operations of MCM. Dividends payable decreased by 18% from last year to lower dividend payable to non-controlling interest of MESI.

Total equity of the Group rose by 6%, primarily driven by other comprehensive income related to the revaluation increment on land.

Results of Operations

The Group posted a consolidated net income of ₱237.10 million, which is 43% lower as against ₱413.36 million last year.

The results of the first year of operation of MCM, contributed a significant part to the lower consolidated income of the Group. Additionally, MCM incurred losses because the school only catered to grade 11 senior high school and college freshmen students in its first year of operations. The future results of operations of MCM is expected to improve as it accepts more students in the succeeding years of operation.

Consolidated revenues decreased by 6%, from ₱1.88 billion to ₱1.81 billion, primarily because of the change in school calendar by moving the start of school year by one month and consequently, continuing negative effect in revenue of the K plus 12 program of CHED.

Cost of tuition and other fees is almost the same from last year at ₱1.28 billion. It slightly went up by ₱42 million mainly due to the additional costs related to the start of school operations of MCM in July 2018.

General and administrative expenses increased by 20% this year, from ₱206 million to ₱248 million. The increase is mainly due to the expenses related to the start operations of MCM in July 2018.

Interest expense and other finance charges significantly increased from ₱4.23 million to ₱36.03 million due to additional loans and increase in interest rates.

Interest income was lower by ₱1.61 million, from ₱12.95 million to ₱11.35 million because of lower volume of placements during the year.

Other income (loss) includes income on UITF, rental income of the schools, commission and reversal of long outstanding payables.

CONSOLIDATED RESULTS - Year 2017 vs. Year 2016

Financial Position

Total consolidated assets increased from ₱6.53 billion to ₱7.89 billion, or a 21% growth compared to last year.

Consolidated current assets dropped by 18% primarily because of settlement of obligations related to construction and renovation of school buildings, and payment of reservation fee for the future lease of property. Whereas, receivables increased by 8% mainly due to higher number of students who opted to pay on installment for the second quarter term, SY 2017-2018. Receivables from related parties pertain to uncollected lease income from an affiliate. Prepaid expenses and other current assets grew from ₱89.61 million to ₱111.39 million because of additional digital publications acquired by the schools.

Consolidated non-current assets grew by 29% mainly due to construction of school building in Mindanao (MCM), and acquisition of furniture and equipment. Available-for-sale financial assets grew by 47% from last year due to higher market price as of the reporting date. Other non-current assets include the reservation deposit paid by the Group to an affiliate to secure a space for the affiliate's building project.

Total consolidated liabilities increased from ₱1.01 billion to ₱1.87 billion. This is primarily due to construction of school building in Mindanao. Additional loans were availed to finance the construction,

which resulted to higher loans payable. Accounts payable and accrued expenses pertain largely to obligations to suppliers and contractors of MCM. The Group engaged the services of its affiliates to build the school building and manage the construction, hence an increase in payable to related parties.

Unearned tuition fees are higher this year due to increase in the number of enrollees for Senior High School.

Total equity of the Group rose by 9%, primarily driven by increase in other comprehensive income such as revaluation increment on land, remeasurement gains on defined benefit plans, and unrealized gain on available for sale financial assets.

Results of Operations

The Group posted a consolidated net income of ₱413.36 million, which is 36% lower as against ₱643.27 million of last year.

Consolidated revenues decreased by 16%, from ₱2.16 billion to ₱1.88 billion, primarily because of lower revenues from Freshmen and Sophomores as a result of the K plus 12 program of CHED. This was, however, softened by revenues from Senior High School.

Consolidated cost of sales and services went down by ₱0.10 billion, from ₱1.39 billion to ₱1.28 billion. The material reduction in cost is relative to the termination of the business of the IT Company.

General and administrative expenses were reduced by 8% this year, from ₱223.40 million to ₱206.33 million, as the Group cutback on several expenses specifically on personnel-related.

Interest expense and other finance charges dropped from ₱9.09 million to ₱4.23 million due to full settlement of long-term loan of the Group in September 2016. Also, the additional loans availed by the Group for the period bear low interest rates.

Interest income was higher by ₱0.87 million, from ₱12.08 million to ₱12.95 million because of higher volume of placements during the year.

Other income (loss) includes income on UITF, rental income of schools, commission and reversal of long outstanding payables.

Financial Ratios

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2019 and 2018:

Financial ratios	2019	2018
Current ratio <i>Indicates the Group's ability to pay short-term obligation</i>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$ 0.67:1	0.30:1
Acid Test Ratio <i>Indicates the Group's ability to use its quick or near cash assets to pay current liabilities immediately</i>	$\frac{\text{Current Assets – Prepaid Expenses}}{\text{Current Liabilities}}$ 0.62:1	0.28:1
Solvency Ratio <i>Shows how likely a Group will be continue meeting its debt obligations</i>	$\frac{\text{Net Income + Depreciation}}{\text{Total Liabilities}}$ 0.10:1	0.13:1

Debt-to-equity ratio <i>Measures the Group's leverage</i>	$\frac{\text{Total Debt}}{\text{Equity}}$	0.69:1	0.59:1
Asset to Equity Ratio <i>Shows how the company's leverage (debt) was used to finance the firm</i>	$\frac{\text{Total Assets}}{\text{Equity}}$	1.67:1	1.55:1
Interest Rate Coverage <i>Shows how easily a company can pay interest on outstanding debt</i>	$\frac{\text{EBIT}}{\text{Interest Expense Excluding Interest Expense on Lease Liabilities}}$	4.42:1	8.35:1
Return on Average Stockholders' Equity <i>Reflects how much the Group's has earned on the funds invested by the stockholders</i>	$\frac{\text{Net Income}}{\text{Average Equity}}$	3.40%	3.81%
Net Profit Margin <i>Reflects how much net income or profit is generated as percentage of revenue</i>	$\frac{\text{Net Profit Margin}}{\text{Revenue}}$	9.15%	13.12%
Return on Assets <i>Measure the ability to utilize the Group's assets to create profits</i>	$\frac{\text{Net Income}}{\text{Total Assets}}$	1.68%	2.38%

Current ratio provides the liquidity position of the business by comparing current assets to current liabilities. The current ratio improved from 0.30:1 in 2018 to 0.67:1 in 2019, primarily due to higher current assets. Consolidated current assets increased to P2.32 billion this year from P1.01 billion last year primarily due to the current assets of newly acquired subsidiary companies. (Refer to Item 6 – Management Discussion and Analysis for additional discussions on changes of current assets and current liabilities)

Acid test ratio slightly increased from 0.28:1 in 2018 to 0.62:1 in 2019 which is close also to the current ratio.

Solvency ratio slightly decreased from 0.13:1 in 2018 to 0.10:1 in 2019 mainly due to higher total liabilities of the Group.

Debt-to-Equity ratio measures the Group's leverage. The total debt-to-equity ratio of the Group is 0.69:1 for 2019 and 0.59:1 for 2018. This is because of higher liabilities of the Group. Total consolidated liabilities were higher by 84%, primarily because of additional loans acquired by the Group to finance the on-going construction of the new MESI Makati Campus and liabilities of newly acquired subsidiaries. (Refer to Item 6 – Management Discussion and Analysis for additional discussions on changes of total liabilities and equity).

Asset to Equity ratio increased from 1.55:1 in 2018 to 1.67:1 in 2019 because of the increase in asset base relative to the construction of new school buildings, higher valuation of land and assets coming from newly acquired subsidiaries.

Interest Rate Coverage shows the capability of a company to pay interest on outstanding debt. Due to higher interest expense of the group, interest rate coverage ratio significantly went down from 8.35:1 in 2018 to 4.42:1 in 2019.

Return on Average Stockholders' Equity (ROAE) measures the profitability of the Company in relation to the average stockholders' equity. The ROAE for 2019 has dropped to 3.4% from 3.8% in 2018 because of higher equity due to issuance of 295 million shares.

Net profit margin reflect how much net income or profit is generated as percentage of revenue. The net profit margin decrease in 2019, from 13.12% in 2018 to 9.15% this year due mainly from result of operations of newly acquired entities.

Return on Assets measures the ability to utilize the Group's assets to create profits. The Group's return on assets for year 2019 dropped to 1.68%, from 2.38% in 2018. This is attributable to the substantial increase in total assets mainly due to the construction of school building in Makati and assets of the newly acquired subsidiaries.

The above-mentioned ratios are applicable to the Group as a whole.

MATERIAL EVENT/S AND UNCERTAINTIES

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in iPeople's liquidity increasing or decreasing in any material way;

- i. iPeople does not anticipate any cash flow or liquidity problems within the next twelve months;
- ii. iPeople is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement which will require the Company to make payments;
- iii. There is no significant amount of trade payable that have not been paid within the stated terms; and
- iv. iPeople's depends on services fees from subsidiaries, interest income and dividends from its subsidiaries as its source of liquidity.

b) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c) Any 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.

There are no 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.

d) Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.

There are no material commitments for capital expenditures other than the construction of a new campus on a 0.5-hectare property in Makati through its subsidiary, MESI. Completion is expected for the early part of the Academic Year 2020-2021. The project is funded partially by debt;

e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.

The K plus 12 program of the DepEd, which calls for the two extra years of basic education started in 2016. There were two academic years where there were no students moving on to tertiary studies. This impacted the profit and cash flow of both for-profit and non-profit tertiary education institutions during the transition period.

To address the effects during the transition period, Mapúa University and Malayan Colleges Laguna offered SHS and started to take in Grade 11 students in 2016.

The Universal Access to Tertiary Education Act (RA10931) had its first-time implementation this AY2018-2019. There was a decline in college freshman intake in private schools as a result. A large portion of the incoming freshman had applied with SUC/LUCs to avail of free education under the Act.

Other than the K plus 12 and RA10931, there is no known trend, event or uncertainty that have had or that are reasonably expected to have a material impact on the net sales or revenues or income of the

Group from continuing operations. As a strategic response to the K Plus 12 and RA 10931 developments, iPeople is actively seeking opportunities to expand its current education portfolio.

f) Any significant elements of income or loss that did not arise from the issuer's continuing operations.

There are no significant elements of income or loss that did not arise from the iPeople's continuing operations.

The causes for any material change from period to period which shall include vertical and horizontal analyses of any material item are discussed above.

g) Any seasonal aspects that had a material effect on the financial condition or results of operations.

There are no seasonal aspects that had a material effect on the financial condition or results of operations.

h) Other relevant events:

In a move to contain the COVID-19 outbreak, the Office of the President of the Philippines declared a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon and other parts of the country. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The suspension of classes that started on March 09, 2020 and the declaration of the community quarantine in various municipalities and regions in the Philippines effective March 15, 2020 until further notice covers IPO schools. Despite all these, there are minimal disruptions to the current operations of iPeople and of our schools because of the mitigating measures that we undertook.

The health and economic effects COVID-19 could have a material impact on its 2020 consolidated financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS' MATTERS

a. Market for Issuer's common equity and related stockholder matters

The common stock (PSE: IPO) of the Company is traded on the Philippine Stock Exchange. The market price of IPO's common stock as of July 01, 2020 (*latest practicable trading date*) is P8.80 for high and P8.70 for low.

PERIOD	STOCK PRICE	
	HIGH	LOW
2020 First Quarter	9.44	7.00
2019 Fourth Quarter	9.50	7.00
2019 Third Quarter	10.10	9.00
2019 Second Quarter	12.18	10.08
2019 First Quarter	15.00	10.40
2018 Fourth Quarter	14.80	10.02
2018 Third Quarter	13.80	11.80
2018 Second Quarter	13.38	12.50
2018 First Quarter	16.50	12.00
2017 Fourth Quarter	14.00	11.84
2017 Third Quarter	12.68	11.00
2017 Second Quarter	12.65	11.02

b. Top 20 owners of common stock as of May 31, 2020

STOCKHOLDER	NUMBER OF SHARES	% OF TOTAL
HOUSE OF INVESTMENTS, INC.	501,940,749	48.07%
AYALA CORPORATION	349,829,961	33.50%
PCD NOMINEE CORP – FILIPINO	126,601,674	12.12%
A. SORIANO CORPORATION	54,984,522	5.27%
HYDEE MANAGEMENT & RES. CORP.	653,800	0.06%
PCD NOMINEE CORP – NON-FILIPINO	611,149	0.06%
KHO, DAVID L.	343,900	0.03%
YAN, LUCIO	325,000	0.03%
ONG PAC, SALLY C.	299,000	0.03%
LEY, FELY	243,750	0.02%
TECSON, BINGSON U.	195,000	0.02%
MENDOZA, ALBERTO MENDOZA &/OR JEANIE C.	165,750	0.02%
PHILIPPINE ASIA EQUITY SECURITIES INC. U-055	146,250	0.01%
ANSALDO GODINEZ & CO., INC.	133,438	0.01%
CHAN, VICKY L.	130,000	0.01%
SECURITIES INVESTORS PROTECTION FUND, INC.	130,000	0.01%
LI, LUISA	113,100	0.01%
UY, JOHNNY S.	97,500	0.01%
UY-TIOCO, GEORGE	97,500	0.01%
SECOR HOLDINGS INC.	85,000	0.01%
SUB TOTAL	1,037,127,043	99.32%
Others	7,136,154	0.68%
TOTAL	1,044,263,197	100.00%

IPO has a total of 2,015 shareholders owning a total of 1,044,263,197 shares as of May 31, 2020.

c. Dividends

In accordance with the Corporation Code of the Philippines, iPeople intends to declare dividends (either in cash or stock or both) in the future. Common stockholders of the Company are entitled to receive a proportionate share in cash dividends that may be declared by the Board of Directors out of surplus profits derived from the Company's operations.

The same right exists with respect to a stock dividend of which the declaration is subject to the approval of stockholders representing at least two-thirds (2/3) of the outstanding shares entitled to vote.

The amount will depend on the Company's profits and its capital expenditure and investment requirements at the relevant time.

The company has declared cash dividends as follows:

YEAR	DIVIDEND PER SHARE	TOTAL AMOUNT
Q1 2020	₱0.07	₱73.25MM
2019	₱0.06 (Q1) and P0.01373 (Q2).	₱59.27MM
2018	₱0.24	₱179.74MM
2017	₱0.24	₱179.74MM

iPeople has not identified any restriction that limits the ability to pay dividends on common equity or that are likely to do so in the future.

d. Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There was no sale of unregistered or exempt securities, nor recent issuance of securities constituting an exempt transaction in 2019.

Description of Registrant's Securities: Common Stock

The equity capital structure of the firm as of December 31, 2019 is shown below:

Authorized Capital	P2,000,000,000
Subscribed Capital	P1,044,263,197
Paid Up Capital	P1,044,263,197