

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

[illegible]**PRINCIPAL OFFICE** (No. / Street / Barangay / City / Town / Province)[illegible]

A	A	F	S
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C	R	M	D
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	N	A	
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COMPANY INFORMATION

www.socland.com.ph

(02) 8553-4070

N/A

6

5/11

12/31

CONTACT PERSON INFORMATION

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

Josefa Ma. Bernadette Dizon

josefa.dizon@socland.com.ph

(02) 8817-0762

N/A

CONTACT PERSON'S ADDRESS

2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City

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

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



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SOC Land Development Corporation
2nd Floor, Enzo Building
339 Senator Gil Puyat Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SOC Land Development Corporation (the Company), a wholly owned subsidiary of SOCResources, Inc., which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

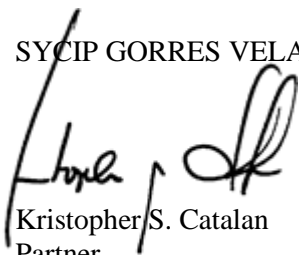
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SOC Land Development Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712

SEC Accreditation No. 1509-AR-1 (Group A),

October 18, 2018, valid until October 17, 2021

Tax Identification No. 233-299-245

BIR Accreditation No. 08-001998-109-2018,

February 14, 2018, valid until February 13, 2021

PTR No. 8125220, January 7, 2020, Makati City

June 29, 2020



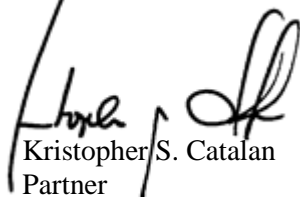
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and the Stockholders
SOC Land Development Corporation
2nd Floor, Enzo Building
399 Senator Gil Puyat Avenue
Makati City

We have audited the accompanying financial statements of SOC Land Development Corporation, a wholly owned subsidiary of SOCResources, Inc., as at and for the year ended December 31, 2019, on which we have rendered the attached report dated June 29, 2020.

In compliance with the Securities Regulation Code Rule 68, As Amended (2011), we are stating that the above Company has one (1) stockholder owning 100 or more shares.

SYCIP GORRES VELAYO & CO.



Kristopher S. Catalan
Partner

CPA Certificate No. 109712
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PTR No. 8125220, January 7, 2020, Makati City

June 29, 2020



SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱39,925,727	₱37,053,330
Receivables (Note 5)	25,667,625	34,427,940
Contract assets (Note 18)	46,931,630	26,744,405
Real estate inventories (Note 6)	1,058,274,302	1,066,908,248
Other current assets (Note 7)	55,153,150	67,652,974
Total Current Assets	1,225,952,434	1,232,786,897
Noncurrent Assets		
Contract assets (Note 18)	24,121,710	32,712,621
Property and equipment (Note 8)	35,789,736	33,483,023
Deferred tax assets - net (Note 15)	1,631,683	–
Other noncurrent assets (Note 9)	13,057,671	17,934,936
Total Noncurrent Assets	74,600,800	84,130,580
TOTAL ASSETS	₱1,300,553,234	₱1,316,917,477
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 10)	₱59,255,549	₱49,681,010
Contract liabilities (Note 18)	129,096,963	81,787,361
Due to Parent Company (Note 16)	905,200,241	1,001,200,241
Total Current Liabilities	1,093,552,753	1,132,668,612
Noncurrent Liabilities		
Retirement benefit obligation (Note 13)	803,623	360,257
Contract liabilities - net of current portion (Note 18)	50,384,702	16,055,108
Deferred tax liabilities - net (Note 15)	–	7,471,276
Total Noncurrent Liabilities	51,188,325	23,886,641
Total Liabilities	1,144,741,078	1,156,555,253
Equity		
Capital stock (Note 17)	41,229,800	41,229,800
Additional paid-in capital (Note 17)	281,068,200	281,068,200
Other comprehensive income	518,993	690,625
Deficit	(167,004,837)	(162,626,401)
Equity	155,812,156	160,362,224
TOTAL LIABILITIES AND EQUITY	₱1,300,553,234	₱1,316,917,477

See accompanying Notes to Financial Statements.



SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 18)	P112,582,130	P137,575,939
COST OF REAL ESTATE SALES (Note 6)	(67,905,972)	(65,715,940)
GROSS PROFIT	44,676,158	71,859,999
Sales and marketing expenses (Note 11)	(13,429,475)	(24,511,564)
General and administrative expenses (Note 12)	(41,659,272)	(44,649,475)
Other income - net (Note 14)	5,584,571	16,068,483
	(49,504,176)	(53,092,556)
INCOME (LOSS) BEFORE INCOME TAX	(4,828,018)	18,767,443
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 15)		
Current	8,579,821	243,118
Deferred	(9,029,403)	5,007,133
	(449,582)	5,250,251
NET INCOME (LOSS)	(4,378,436)	13,517,192
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gains (losses) on defined benefit plan, net of deferred income taxes (Note 13)	(171,632)	677,132
TOTAL COMPREHENSIVE INCOME (LOSS)	(P4,550,068)	P14,194,324

See accompanying Notes to Financial Statements.



SOC LAND DEVELOPMENT CORPORATION**(A Wholly Owned Subsidiary of SOCResources, Inc.)****STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	Capital Stock (Note 17)	Additional Paid-in Capital (Note 17)	Other Comprehensive Income	Deficit	Total
BALANCES AS AT DECEMBER 31, 2017	P41,229,800	P281,068,200	P13,493	(P176,143,593)	P146,167,900
Net income	—	—	—	13,517,192	13,517,192
Other comprehensive income	—	—	677,132	—	677,132
Total comprehensive income	—	—	677,132	13,517,192	14,194,324
BALANCES AS AT DECEMBER 31, 2018	41,229,800	281,068,200	690,625	(162,626,401)	160,362,224
Net loss	—	—	—	(4,378,436)	(4,378,436)
Other comprehensive loss	—	—	(171,632)	—	(171,632)
Total comprehensive loss	—	—	(171,632)	(4,378,436)	(4,550,068)
BALANCES AS AT DECEMBER 31, 2019	P41,229,800	P281,068,200	P518,993	(P167,004,837)	P155,812,156

See accompanying Notes to Financial Statements.

SOC LAND DEVELOPMENT CORPORATION
(A Wholly Owned Subsidiary of SOCResources, Inc.)
STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(P4,828,018)	P18,767,443
Adjustments for:		
Interest income (Note 14)	(4,853,320)	(7,731,902)
Depreciation (Note 8)	3,236,852	2,284,640
Gain on repossession (Note 14)	(464,520)	(1,147,589)
Retirement benefit expense (Note 13)	198,178	321,202
Operating income (loss) before working capital changes	(6,710,828)	12,493,794
Decrease (increase) in:		
Receivables	14,773,241	74,740,988
Contract assets	(11,596,314)	(59,457,026)
Real estate inventories	9,098,466	27,108,365
Other assets	7,939,931	5,018,241
Increase (decrease) in:		
Accounts payable and other current liabilities	9,574,539	(77,535,219)
Contract liabilities	81,639,196	97,842,469
Cash flows generated from operations	104,718,231	80,211,612
Interest received	4,853,320	7,731,902
Income taxes paid, including creditable withholding taxes	(5,155,589)	(3,535,136)
Net cash flows from operating activities	104,415,962	84,408,378
CASH FLOWS USED IN INVESTING ACTIVITY		
Acquisitions of property and equipment (Note 8)	(5,543,565)	(3,035,509)
CASH FLOWS USED IN FINANCING ACTIVITY		
Payment of advances from Parent Company (Note 16)	(96,000,000)	(109,328,660)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,872,397	(27,955,791)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	37,053,330	65,009,121
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P39,925,727	P37,053,330

See accompanying Notes to Financial Statements.



SOC LAND DEVELOPMENT CORPORATION

(A Wholly Owned Subsidiary of SOCResources, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations and Approval and Authorization for Issuance of the Financial Statements

Corporate Information

SOC Land Development Corporation (the Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 25, 2010. The primary purpose of the Company is to deal and engage in the real estate business.

The Company is a wholly owned subsidiary of SOCResources, Inc. (SRI; the Parent Company). SRI, a corporation duly organized under the laws of the Philippines, with registered address at 2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City, is registered primarily to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, in particular shares of stocks, voting trust certificates, bonds, debentures, notes, evidences of indebtedness of associations and corporations, domestic or foreign, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations and/or assets of the Parent Company and while the owner thereof, to exercise all the rights, powers, and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as “holding companies”. The former primary purpose of oil and gas exploration was reclassified as among the secondary purposes of the Parent Company.

The registered office address of the Company is 2nd Floor, Enzo Building, 399 Senator Gil Puyat Avenue, Makati City.

Status of Operations

In 2011, the Company undertook its maiden project called “Anuva Residences” in Barangay Buli, Alabang, Muntinlupa City. The project involves the development of a 2.4-hectare parcel of land that will have four tandem buildings and an estimated investment cost of ₱5 billion to generate approximately ₱7 billion in sales over its production cycle. Initially targeted for completion within five years from launch, the production cycle of the project is extended and re-planned for completion by 2025.

On July 12, 2011, the groundbreaking ceremony for the first tower, Anala was held and the structural works was completed in 2014.

On September 2, 2011, the Company's Phase 1 project was duly registered with the Board of Investments (BOI) as a New Developer of Low - Cost Mass Housing on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226). With the registration, the Company was entitled to an Income Tax Holiday (ITH) for three years from October 2011 or actual start of commercial operations or selling, whichever is earlier, but in no case earlier than the date of registration. Under the specific terms and conditions of the registration, the Company shall submit proof of compliance that it has developed socialized housing project and accomplished corporate social responsibility activities that were duly identified by BOI in conjunction with the entitlement of ITH.

On December 14, 2011, the Housing and Land Use Regulatory Board released the Company's License to Sell for the Anala Tower with targeted completion date in 2015.



On August 14, 2013, the Company opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to the Company as New Developer of Low-Cost Mass Housing Project cancelled the Company's entitlement to an ITH for three years.

In 2014, the Company ventured into horizontal housing development through Althea Residences in Binan, Laguna with an initial offering of 214 commercial and residential lots and house and lot packages and covered by HLURB License To Sell No. 029073 released on September 22, 2014. On the same year, the second tower of Anuva Residences, the Azalea Tower with 618 units of combined studio, 1-bedroom and 2-bedroom units was offered for sale and a License To Sell was issued by HLURB on July 31, 2015.

In 2018, a portion of Althea Residences was reconfigured from 17 commercial lots into 32 townhouse and lots units that offered a better return for the Company. Althea was also geared for expansion on the adjoining 2.2-hectare property offering an additional 132 residential lots and house and lot packages with the necessary permits and license expected to be completed by mid-2019.

As of the end of 2019, the Company is also studying the feasibility of developing in other areas with potential sites in consideration in Baguio, Taft Avenue and Quezon City, among other places.

Approval and Authorization for Issuance of the Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2019 and 2018 were approved and authorized for issue by the Board of Directors (BOD) on June 29, 2020.

2. Summary of Significant Changes in Accounting Policies and Disclosures

Basis of Preparation

The accompanying financial statements have been prepared under the historical cost basis. The financial statements are presented in Philippine peso (₱), which is the Company's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), which include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019 as of 2018 for the following implementation issues of PFRS 15 affecting the real estate industry:

- a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E
- b. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
- c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 201812-H
- d. Adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by the Philippine Interpretations Committee (PIC).

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance, unless otherwise indicated. Additional disclosures have been included in the notes to financial statements, as applicable.



Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*
PFRS 16 supersedes PAS 17, *Leases*, Philippine Interpretation IFRIC 4, *Determining Whether an Arrangement Contains a Lease*, Philippine Interpretation SIC-15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the statement of financial position.

Lessor accounting under PFRS 16 is substantially unchanged from today's 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. Therefore, PFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted PFRS 16 using the modified retrospective approach upon adoption of PFRS 16 in 2019 and elected to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4. The Company did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC 4.

The adoption of PFRS 16 has no impact to the Company's financial statements because the Company has no long-term lease contract as at January 1, 2019. The Company elected to use the recognition exemption for lease contracts that have a lease term of 12 months or less and do not contain a purchase option.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify



that a financial asset passes the SPPI criterion regardless of the 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.

These amendments had no impact on the financial statements of the Company.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments had no impact on the financial statements as the Company does not have long-term interests in its associate and joint venture.



- *Annual Improvements to PFRSs 2015-2017 Cycle*

- Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the financial statements of the Company as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments had no impact on the financial statements of the Company because dividends declared by the Company do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

Since the Company has no borrowing costs incurred, these amendments had no impact on the financial statements of the Company.



Effective beginning on or after January 1, 2020

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

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply to future business combinations of the Company.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.



Deferred effectivity

- Amendments 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 the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council (FRSC) deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Company continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2019 financial statements. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted.

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on whether it is current and 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; or
- cash or cash equivalent 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; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred tax assets and deferred tax liabilities and accrued retirement benefit liability are classified as noncurrent assets and liabilities, respectively.



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 Company.

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 non-financial 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 Company 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 Company 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 Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

As of December 31, 2019 and 2018, the Company has no non-financial asset carried at fair value. In addition, the Company has neither assets nor liabilities with recurring and non-recurring fair value measurements.

Cash and Cash Equivalents

Cash includes cash on hand and with banks.

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 changes in value.



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.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are solely for payment of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met:

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

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

The Company's financial assets at amortized cost includes cash and cash equivalents, receivables and refundable deposits.



Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognized an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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).

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' ECL. Both life time ECL and 12 months' ECL are calculated on either an individual basis or a collective basis, depending on the nature of the financial instruments.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis.



However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include accounts payable and other current liabilities (excluding government payables) and due to Parent Company.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Liabilities at amortized cost

This is the category most relevant to the Company. After initial recognition, interest-bearing liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

Derecognition

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Company's statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.



Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Cost of land
- Amounts paid to contractors for construction
- Planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale. The amount of any write-down of inventories to NRV and all losses of inventories are recognized in profit or loss in the year the write-down or loss occurs.

The cost of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs. The total costs are allocated pro-rata based on the relative size of the property sold.

Repossessed Inventories

Repossessed inventories represent the acquisition costs of properties sold but subsequently reacquired by the Company due to buyer's default on payment of monthly amortization. These are measured at fair value at the time of repossession. Any resulting gain or loss arising from the difference between the fair value at the time of repossession and the remaining receivable due from the buyers is credited or charged to "Other income" in the profit or loss.

Advances to Suppliers and Contractors

Advances to suppliers and contractors represent advance payments on services to be incurred in connection with the Company's operations. These are charged to expense in profit or loss, or capitalized to real estate inventories in the statement of financial position, as appropriate, when the services are rendered, which is normally within 12 months.

Creditable Withholding Taxes (CWT)

CWTs are amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source, subject to the rules on Philippine income taxation. CWTs which are expected to be utilized as payment for income taxes within 12 months are classified as current assets. Otherwise, these are classified as other noncurrent asset. CWTs are classified in the "Other current assets" account in the statement of financial position.

Value-added Tax (VAT)

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

The input VAT recoverable from the taxation authority is included as part of "Other current assets" or "Other noncurrent assets" in the statement of financial position.



Property and Equipment

Property and equipment, except for land, are stated at cost less accumulated depreciation and amortization and any impairment losses. Land is stated at cost less any accumulated impairment losses.

The initial cost of property and equipment includes its purchase price, including import duties, nonrefundable purchase taxes and any costs directly attributable to bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment has been put into operation, such as repairs and maintenance, are normally charged to income in the period the costs are incurred. In situations 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 and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation commences when an asset is in the location and condition capable of being operated in the manner intended by management. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets, except for leasehold improvements which are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements, whichever is shorter, as follows:

Category	Number of Years
Building	20
Office and computer equipment	1-3
Transportation equipment	5
Leasehold improvements	2 or lease term, whichever is shorter

Depreciation ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, and the date that the asset is derecognized.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized. Fully depreciated items are retained as property and equipment until these are no longer in use.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.



These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses from continuing operations are recognized in profit or loss.

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

If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Retirement Benefits Costs

The Company has an unfunded, non-contributory, defined benefit retirement obligation.

The Company recognizes the net defined benefit liability or asset which 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 (if any), adjusted for any 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 retirement plan is determined using the projected unit credit method.

Retirement benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Re-measurements 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 the statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

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 an expense or income in the statement of comprehensive income.

Re-measurements 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 the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income (OCI) in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.



Capital Stock

The Company has issued common stock that is classified as equity. Common stock is measured at par value for all shares issued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to “Additional paid-in capital” account. Direct costs incurred related to equity issuance are chargeable to “Additional paid-in capital” account. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Subscription receivable pertains to the uncollected portion of the subscribed shares. Subscription receivable is presented as deduction from equity if the subscription receivable is not expected to be collected within 12 months after the reporting period. Otherwise, the subscription receivable is presented as current asset.

Retained Earnings (Deficit)

The amount included in deficit includes profit (loss) and reduced by dividends. Dividends are recognized as a liability and deducted from equity when declared. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings (deficit) may also include effect of changes in accounting policy as may be required by the standard’s transitional provisions. When the retained earnings account has a debit balance, it is called a “deficit”. A deficit is not an asset but a deduction from equity.

Other Comprehensive Income (OCI)

OCI comprises items of income and expenses, including reclassification adjustments, which are not recognized in profit or loss as required or permitted by other standards.

Revenue Recognition

Revenue from Contract with Customers

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

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

The Company derives its real estate revenue from sale of lots, house and lot, condominium units and parking lot. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Company’s performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Company uses input method. Input methods recognize revenue on the basis of the entity’s efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Company uses the cost accumulated by the accounting department to determine the actual



resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under trade receivables, is included in the "contract asset" account in the asset section of the statement of financial position.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the statement of financial position.

Cost recognition

The Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Company recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Contract Balances

Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract.

The contract liabilities also include payments received by the Company from the customers for which revenue recognition has not yet commenced.

Costs to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Company expects to recover them. The Company has determined that commissions paid to marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are



charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the “Selling and marketing expense” account in the statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Company’s contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Company expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, there judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.



Interest Income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income is recorded using the EIR. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Other Income

Other income includes gain arising from forfeiture or cancellation of prior years' real estate sales.

Cost and Expense Recognition

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Cost of Real Estate Sales

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

The cost of real estate sales recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property, allocated to saleable area based on relative size and takes into account the POC used for revenue recognition purposes.

Any changes in estimated development costs used in the determination of the amount of revenue and cost are recognized in the statement of comprehensive income in the period in which the change is made.

Sales and Marketing Expenses

Expenses incurred in the direct selling and marketing activities are generally recognized when the service is incurred or the expense arises.

General and Administrative Expenses

Expenses incurred in the general administration of day-to-day operation of the Company are generally recognized when the service is used or the expense arises.

Leases (Effective January 1, 2019)

The Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company's sole lease contract qualifies as a short-term lease.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Leases (Effective prior to January 1, 2019)

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires 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.



A reassessment is made after inception of the lease only if one of the following applies:

- a. there is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. a renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
- c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the Company's profit or loss on a straight-line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized.

Income Taxes

Current Income Tax

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

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" account in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Other current assets" account in the statement of financial position.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO) to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized directly in equity is recognized in OCI and not in profit or loss.

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



The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the foreign exchange rate at the date of the transaction. Outstanding monetary assets and monetary liabilities denominated in foreign currencies are restated using the rate of exchange at the reporting date. Foreign currency gains or losses are recognized in profit or loss.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when inflows of economic benefits are probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the financial statements and related notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have a significant effect on the amounts recognized in the financial statements:

Existence of a contract

The Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts,



quotation sheets and other relevant documents, would contain all the criteria to qualify as contract with the customer under PFRS 15.

In addition, part of the assessment process of the Company before revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress

The Company concluded that revenue for real estate sales is to be recognized over time because (a) the Company's performance does not create an asset with an alternative use; and (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Company has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Company's performance in transferring control of real estate development to the customers.

Identifying performance obligation

The Company has various contracts to sell covering (a) serviced lot, (b) serviced lot and house, (c) condominium unit and (d) parking lot. The Company concluded that there is one performance obligation in each of these contracts because, for serviced lot, the developer integrates the plots it sells with the associated infrastructure to be able to transfer the serviced land promised in the contract. For the contract covering service lot and house and condominium unit, the developer has the obligation to deliver the house or condominium unit duly constructed in a specific lot and fully integrated into the serviced land in accordance with the approved plan. Included also in this performance obligation is the Company's service to transfer the title of the real estate unit to the customer.

Assessment of Impairment of Nonfinancial Assets

The Company assesses impairment on property and equipment and other nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The estimated recoverable amount is computed using the asset's fair value less costs to sell or value-in-use. The fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value



of estimated future net cash inflows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Company is required to make estimates and assumptions that can materially affect the financial statements.

As of December 31, 2019 and 2018, there were no impairment indicators that would lead to impairment analysis.

Estimates and Assumptions

The key estimates concerning the future and other key sources of estimation uncertainty at reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue and Cost Recognition

The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Company's revenue and cost from real estate sales recognized based on the percentage of completion is determined based on actual costs incurred to date over the estimated total costs to complete the project reconciled with the engineer's judgment and estimates on the physical portion of contract work done if the development is beyond the preliminary stage.

The Company estimates the POC of ongoing projects using input method for purposes of accounting for the estimated costs of development as well as revenue to be recognized. Actual costs of development could differ from these estimates. Such estimates will be adjusted accordingly when the effects become reasonably determinable. The POC is based on the technical evaluation of the Company's project engineer as well as management's monitoring of the costs, progress and improvements of the projects.

Revenue from contracts with customers and cost of real estate sales amounted to ₱112.58 million and ₱67.91 million in 2019 and ₱137.58 million and ₱65.72 million in 2018, respectively (see Notes 6 and 18).

Provision for ECL

The Company uses a vintage analysis to calculate ECLs for trade receivables and contract assets. The Company used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR pool.

The vintage analysis is initially based on the Company's historical observed default rates. The Company calibrates the vintage to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, bank lending rate) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in Note 5.



No allowance for ECL was recognized in 2019 and 2018. The carrying values of receivables is ₱25.67 million and ₱34.43 million as of December 31, 2019 and 2018, respectively (see Note 5).

Measurement of Net Realizable Value of Real Estate Inventories

The Company adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the inventories. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Real estate inventories at cost amounted to ₱1,058.27 million and ₱1,066.91 million as of December 31, 2019 and 2018, respectively. In 2019 and 2018, the Company assessed that the NRV of real estate inventories is higher than cost, hence the Company did not recognize any losses on write down of real estate inventories (see Note 6).

Estimation of Useful Lives of Property and Equipment, Excluding Land

The Company estimates the useful lives of the significant parts of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are 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 assets. In addition, the Company's estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful life of property and equipment in 2019 and 2018. The carrying values of depreciable property and equipment amounted ₱19.45 million and ₱17.15 million as of December 31, 2019 and 2018, respectively (see Note 8).

Estimation of retirement benefits liability and expense

The determination of the obligation and cost of retirement benefits is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Company believes that the assumptions are reasonable and appropriate, significant differences between actual experience and assumptions may materially affect retirement benefits expense and liability. Retirement benefits costs charged to operations for the years ended December 31, 2019 and 2018 amounted to ₱0.20 million, and ₱0.32 million, respectively. Retirement benefits liability amounted to ₱0.80 million and ₱0.36 million as of December 31, 2019 and 2018, respectively (see Note 13).

Recognition of Deferred Income Tax Assets

The Company reviews the carrying amounts of deferred income tax assets at each financial reporting date and reduces the amounts to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Company will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Company recognized deferred income tax assets of ₱7.99 million and ₱0.11 million as of December 31, 2019 and 2018, respectively (see Note 15).



4. Cash and Cash Equivalents

	2019	2018
Cash on hand	₱27,903	₱146,763
Cash in banks	39,897,824	23,906,567
Cash equivalents	–	13,000,000
	₱39,925,727	₱37,053,330

Cash in banks earn interest at the respective bank deposits rates. Cash equivalents are made for varying period of up to three months and earns interest at rate of 2% in 2019 and 2018. Interest income earned from cash and cash equivalents amounted to ₱0.57 million and ₱1.27 million in 2019 and 2018, respectively (see Note 14).

5. Receivables

	2019	2018
Advances to:		
Officers and employees	₱15,126,758	₱15,107,670
Agents	1,562,928	2,047,642
Installment contract receivables	3,615,169	3,631,778
Other receivables	5,362,770	13,640,850
	₱25,667,625	₱34,427,940

- Advances to officers and employees are noninterest-bearing and will generally be settled through liquidation and salary deduction, respectively. These receivables will be settled within the next financial year.
- Installment contract receivables arises from sale of real estate and is collectible in monthly installments over a period ranging from one to 10 years which bears monthly interest rates of 14.0% to 16.0% in 2019 and 2018 computed on the diminishing balance.

Interest income earned amounted to ₱4.28 million and ₱6.46 million in 2019 and 2018, respectively (Note 14).

- Other receivables consist mostly of receivables from unit owners.

6. Real Estate Inventories

	2019	2018
Condominium and residential units	₱567,505,399	₱588,109,747
Subdivision projects under development	359,423,245	341,723,243
Lot inventory	131,345,658	137,075,258
	₱1,058,274,302	₱1,066,908,248



A summary of the movement in real estate inventories is set out below:

	2019	2018
Balances at beginning of year	P1,066,908,248	P1,092,869,024
Development costs incurred	41,822,538	24,513,196
Disposals recognized as cost of real estate sales	(67,905,972)	(65,715,940)
Reposessed inventories	17,449,488	15,241,968
	P1,058,274,302	P1,066,908,248

7. Other Current Assets

	2019	2018
Input VAT- net of noncurrent portion	P31,100,709	P34,486,320
Creditable withholding taxes	20,512,261	23,936,493
Refundable deposits	3,143,986	3,106,524
Advances to suppliers and contractors	339,795	6,012,926
Others	56,399	110,711
	P55,153,150	P67,652,974

Refundable deposits are composed of security deposits related to the Company's lease agreement and utility deposits to Manila Electric Corporation.

Advances to suppliers and contractors are payments made to suppliers as contracts with them generally require advance payment. The amount will be applied as part of the full payment of the contracted price.

8. Property and Equipment

December 31, 2019

	Land	Building	Office and Computer Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P20,053,280	P8,367,330	P1,843,967	P5,041,095	P51,641,889
Additions	—	324,138	5,219,427	—	—	5,543,565
Retirements	—	—	(55,000)	—	—	(55,000)
Balances at end of year	16,336,217	20,377,418	13,531,757	1,843,967	5,041,095	57,130,454
Accumulated depreciation						
Balances at beginning of year	—	6,344,435	7,631,250	824,583	3,358,598	18,158,866
Depreciation (Notes 11 and 12)	—	936,819	391,963	225,573	1,682,497	3,236,852
Retirements	—	—	(55,000)	—	—	(55,000)
Balances at end of year	—	7,281,254	7,968,213	1,050,156	5,041,095	21,340,718
Net book values	P16,336,217	P13,096,164	P5,563,544	P793,811	P—	P35,789,736



December 31, 2018

	Land	Building	Office and Computer Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P18,734,059	P7,771,572	P741,071	P5,041,095	P48,624,014
Additions	—	1,319,221	613,392	1,102,896	—	3,035,509
Retirements	—	—	(17,634)	—	—	(17,634)
Balances at end of year	16,336,217	20,053,280	8,367,330	1,843,967	5,041,095	51,641,889
Accumulated depreciation						
Balances at beginning of year	—	5,407,848	7,340,243	741,071	2,402,698	15,891,860
Depreciation (Notes 11 and 12)	—	936,587	308,641	83,512	955,900	2,284,640
Retirements	—	—	(17,634)	—	—	(17,634)
Balances at end of year	—	6,344,435	7,631,250	824,583	3,358,598	18,158,866
Net book values	P16,336,217	P13,708,845	P736,080	P1,019,384	P1,682,497	P33,483,023

The aggregate cost of fully depreciated property and equipment that are still used in operations amounted to P9.35 million and P5.50 million as of December 31, 2019 and 2018, respectively.

9. Other Noncurrent Assets

Other noncurrent assets consist of input VAT that is expected to be offset against output VAT in more than one year. As of December 31, 2019 and 2018, deferred input VAT amounted to P13.06 million and P17.93 million, respectively.

10. Accounts Payable and Other Current Liabilities

	2019	2018
Accrued contractors' payables	P37,009,337	P38,012,562
Accounts payable - trade	17,719,231	9,567,663
Government payables	1,321,763	441,444
Retention payable (Note 20)	1,261,078	861,630
Accrued expenses	227,806	109,066
Others	1,716,335	688,645
	P59,255,549	P49,681,010

- Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea projects. These accruals are reclassified to accounts payable once billings are actually received.
- Accounts payable includes billings of various suppliers and contractors for liabilities incurred in relation to the Project and office administrative functions. Accounts payable are noninterest-bearing with payment terms which are dependent on the suppliers' or contractors' credit terms, which is generally 30 to 60 days.
- Retention payable represents the amount retained by the Company as security for any defects and damages on the construction of Anala arising from or due to faulty workmanship and/or defective contractor-supplied materials before the final acceptance of the Anala and the payment of the last billing. Retention payable is expected to be settled within the next financial year.



- d. Government payables consist of mandatory contributions and payments to the Social Security System, Philippine Health Insurance Corporation, and the Home Development Mutual Fund, withholding tax payables and are remitted the month following the month of withholding.

11. Sales and Marketing Expenses

	2019	2018
Commissions and incentives	₱6,158,776	₱10,927,096
Product presentation	2,802,579	2,347,192
Consultancy fees	2,475,152	8,141,387
Advertising	978,721	1,868,652
Utilities	579,224	656,716
Depreciation (Note 8)	171,417	57,140
Transportation and travel	148,598	218,322
Communications	88,067	67,206
Rentals (Note 20)	–	49,424
Others	26,941	178,429
	₱13,429,475	₱24,511,564

12. General and Administrative Expenses

	2019	2018
Personnel costs	₱17,006,796	₱13,362,150
Transportation and travel	4,650,683	1,834,972
Property management expenses	3,468,033	15,056,283
Taxes and licenses	3,129,140	2,106,248
Depreciation (Note 8)	3,065,435	2,227,500
Security services	2,129,431	1,558,801
Short-term lease (Note 20)	2,096,569	–
Professional fees	1,223,139	2,178,473
Communications	933,993	1,139,655
Repairs and maintenance	863,095	549,468
Dues and subscriptions	813,189	684,270
Supplies	501,291	449,154
Utilities	482,572	552,281
Entertainment, amusement and recreation	72,189	104,945
Insurance	63,122	60,437
Rentals (Note 20)	–	2,040,246
Others	1,160,595	744,592
	₱41,659,272	₱44,649,475

Others include recruitment fees, business expenses, bank charges and other miscellaneous expenses.



Personnel costs consist of:

	2019	2018
Salaries and wages	P15,624,788	P12,019,726
Other employee benefits	1,183,830	1,021,222
Retirement benefits costs (Note 13)	198,178	321,202
	P17,006,796	P13,362,150

13. Retirement Benefit Obligation

The Company has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. Republic Act No. 7641 (“Retirement Pay Law”), an act amending article 287 of Presidential Decree No. 442 (“Labor Code of the Philippines”), requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The latest actuarial valuation report is as at December 31, 2019.

Retirement benefits costs are as follows:

	2019	2018
Current service cost	P171,843	P262,630
Interest cost	26,335	58,572
	P198,178	P321,202

The amounts recognized in the statements of financial position as retirement benefit obligation are as follows:

	2019	2018
Beginning	P360,257	P1,006,386
Current service cost	171,843	262,630
Interest cost	26,335	58,572
Actuarial loss (gain) due to:		
Change in assumptions	228,243	(624,822)
Change in demographic assumptions	–	137,345
Experience adjustments	16,945	(479,854)
Ending	P803,623	P360,257

Actuarial gain (loss) on the retirement benefit obligation recognized in other comprehensive income amounted to (P245,188) and P967,331 in 2019 and 2018, respectively.

The principal actuarial assumptions used to determine retirement obligations for the Company’s retirement plan are as follows:

	2019	2018
Discount rate	4.84%	7.31%
Salary increase rate	5.00%	5.00%



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the pension obligations, assuming all other assumptions were held constant:

December 31, 2019:

	Increase (decrease) in basis points (bps)	Effect on defined benefit obligation
Discount rate	100 bps	(P700,247)
	(100 bps)	925,633
Future salary increase rate	100 bps	928,314
	(100 bps)	(696,386)

December 31, 2018:

	Increase (decrease) in basis points (bps)	Effect on defined benefit obligation
Discount rate	100 bps	(P47,946)
	(100 bps)	56,669
Future salary increase rate	100 bps	59,255
	(100 bps)	(50,689)

The estimated weighted average duration of benefit payment is 16.66 years as of December 31, 2019.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2019	2018
More than five years and 10 years	P802,576	P—
More than 10 to 15 years	4,468,502	4,832,100
More than 15 to 20 years	1,033,258	600,326
More than 20 years	2,966,584	3,540,797

14. Other Income - net

	2019	2018
Forfeited buyer deposits	P7,811,274	P3,708,245
Interest income on:		
Installment contract receivables (Note 5)	4,279,278	6,464,294
Cash and cash equivalents (Note 4)	574,042	1,267,608
Penalty income and late payment charges	613,748	1,028,533
Gain on repossession	464,520	1,147,589
Write-off of input VAT	—	(3,150,911)
Other income (charges)	(8,158,291)	5,603,125
	P5,584,571	P16,068,483

- Forfeited buyer deposits are recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. These pertain to deposits that did not reach the collection threshold.
- Penalties are additional fees imposed on customers due to their failure to make payments on time.



- c. Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the installment contract receivables and any amount refundable to the buyer at the date of repossession.
- d. Others pertain to reversal of long outstanding payables in 2018 as the Company assessed that these will no longer be collected by the suppliers and settlement of prior year VAT assessment in 2019, among others.

15. Income Taxes

- a. The Company's current provision for income tax represents RCIT in 2019 and 2018.
- b. Major components of income tax expense for the respective years are:

	2019	2018
Profit for the financial year:		
Current income tax	P8,351,465	P243,118
Deferred income tax	(9,029,403)	5,007,133
	(221,226)	5,250,251
Under provision in prior years		
Current income tax	228,356	—
Provision for income tax	(P449,582)	P5,250,251

- c. The reconciliation of provision for income tax computed at statutory income tax rate to provision for income tax at effective income tax rate is as follows:

	2019	2018
Provision for (benefit from) income tax at statutory rate	(P1,448,405)	P5,630,233
Adjustments resulting from tax effects of:		
Non deductible expenses	942,679	300
Interest income subjected to final tax	(172,213)	(380,282)
Current tax of prior periods	228,356	—
Provision for (benefit from) income tax	(P449,583)	P5,250,251

- d. The components of the Company's net deferred income tax assets (liabilities) are as follows:

	2019	2018
Deferred income tax assets on:		
Difference between tax and book basis of accounting for real estate transactions	P7,744,910	P—
Retirement benefit obligation *	241,087	108,077
	7,985,997	108,077
Deferred income tax liabilities on:		
Gain on repossession	(6,354,314)	(6,214,958)
Difference between tax and book basis of accounting for real estate transactions	—	(1,364,395)
	(6,354,314)	(7,579,353)
	P1,631,683	(P7,471,276)

*Net of deferred income tax liability, recognized directly in other comprehensive income, amounting to P73,556 and P295,982 as of December 31, 2019 and 2018, respectively.



16. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related entity relationship, attention is directed to the substance of the relationship and not merely the legal form.

	Amount/volume		Outstanding balance		Terms	Conditions
	2019	2018	2019	2018		
Parent Company						
SRI						
Due to Parent Company (a)	(P96,000,000)	(P109,328,660)	P905,200,241	P1,001,200,241	Within one year; noninterest bearing	Unsecured

- a. Due to Parent Company represent amounts received by the Company to finance the construction of Anala (see Note 1).
- b. The compensation of key management personnel follows:

	2019	2018
Salaries, wages and bonuses	P7,794,544	P5,732,482
Retirement benefits costs	155,212	264,544
Other employee benefits	188,892	108,252
	P8,138,648	P6,105,278

17. Capital Stock and Additional Paid-in Capital

The Company's authorized, issued and outstanding common shares are as follows:

	December 31, 2019		December 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Authorized - P100 par value	1,600,000	P160,000,000	1,600,000	P160,000,000
Issued	312,298	31,229,800	312,298	31,229,800
Subscribed, net of subscription receivable of P30,000,000	400,000	10,000,000	400,000	10,000,000

On March 4, 2011, SRI transferred land with a fair value of P312.30 million to the Company in exchange for 312,298 additional shares in the Company. As a result of the exchange, additional paid-in capital increased by P281.07 million, representing the excess of fair value of the land acquired over the par value of capital stock issued as consideration.



18. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

The Company derives its real estate revenue from sale of lots, house and lot, condominiums and parking space.

The Company's disaggregation of each sources of revenue from contracts with customers are presented below:

For the year ended December 31, 2019				
Segments	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	P73,665,505	P-	P-	P73,665,505
Sale of condominium unit	-	33,341,625	-	33,341,625
Sale of parking lot	-	-	5,575,000	5,575,000
Total	P73,665,505	P33,341,625	P5,575,000	P112,582,130
Timing of revenue recognition				
Goods transferred over time	P73,665,505	P33,341,625	P3,880,000	P112,582,130

For the year ended December 31, 2018				
Segments	Lot/House and Lot	Condominium	Parking Lot	Total
Type of goods				
Sale of lot and house and lot	P111,859,740	P-	P-	P111,859,740
Sale of condominium unit	-	23,909,029	-	23,909,029
Sale of parking lot	-	-	1,807,170	1,807,170
Total	P111,859,740	P23,909,029	P1,807,170	P137,575,939
Timing of revenue recognition				
Goods transferred over time	P111,859,740	P23,909,029	P1,807,170	P137,575,939

b. Contract balances

The Company's contract balances as at December 31, 2019 and 2018 are as follows:

	2019	2018
Contract assets	P71,053,340	P59,457,026
Contract liabilities	179,481,665	97,842,469

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.



Breakdown as to current and noncurrent portion of the amount recorded under “Contract assets” account as at December 31, 2019 and 2018 are as follows:

	2019	2018
Contract assets - current	P46,931,630	P26,744,405
Contract assets - noncurrent	24,121,710	32,712,621
	P71,053,340	P59,457,026

Contract liabilities

	2019	2018
Contract liabilities - current	P129,096,963	P81,787,361
Contract liabilities - noncurrent	50,384,702	16,055,108
	P179,481,665	P97,842,469

As at December 31, 2019, contract liabilities amounting to P129.10 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2018 amounting to P81.79 million were recognized as revenue in 2019.

c. Performance obligations (PO)

The following are the PO of the Company:

(a) *House and lot*

For sale of house and lot, house and lot are separately identifiable promises but are expected to be combined as one performance obligation since these are not distinct within the context of the contract. The obligation to deliver the house duly constructed in a specific lot is fully integrated in the lot in accordance with the approved plan. If sale occurs upon completion, the Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the house and lot. If sale occurs prior to completion, the Company expects the revenue recognition to occur over time when satisfying the criterion of which the Company’s performance does not create an asset with an alternative use and the Company has an enforceable right to payment for performance completed to date.

(b) *Lot*

The developer performs significant activities of land development in accordance with the approved subdivision plan. This includes, but is not limited to, provision of drainage, sewerage, water and electricity system which integrates the common areas and saleable lots. These development activities, however, are not distinct promises but rather necessary and required inputs relative to the developer’s promise to deliver the residential lot.

19. Financial Instruments

Financial Risk Management Objectives and Policies

The Company’s principal financial instruments comprise cash and cash equivalents, receivables, refundable deposits, accounts payable and other current liabilities and due to Parent Company. The main purpose of these financial instruments is to fund the Company’s operations.



The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to credit risk and liquidity risk from the use of its financial instruments. The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Credit Risk

Credit risk arises when a customer or counterparty fails to discharge an obligation and cause the Company to incur a financial loss.

The Company trades only with recognized, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. In the real estate industry, title to the property is transferred only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of installments/deposits made by the customer in favor of the Company. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

The maximum exposure to credit risk for financial assets, which is composed of cash and cash equivalents, receivables (reduced by the expected fair value of the repossessed collaterals), and refundable deposits, is equivalent to the carrying amount of these financial assets in the consolidated statement of financial position. Given the Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

With respect to credit risk arising from financial assets, the Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure as of December 31, 2019 and 2018 equal to the carrying value of the instruments. Receivables from sale of real estate have minimal credit risk and are effectively collateralized by the respective units sold since the title to the real estate properties are not transferred to the buyers until full payment is made. Consequently, an impairment analysis is performed at each reporting date using a vintage analysis to measure ECL. The mechanics of the ECL calculations and the key elements are, as follows:

- a. *Probability of default (PD)* is an estimate of the likelihood of default over a given time horizon.
- b. *Exposure at default (EAD)* is an estimate of the exposure at a future default date taking into account expected changes in the exposure after the reporting date.
- c. *Loss given default (LGD)* is an estimate of the loss arising in the case where a default occurs at a given time.

For cash and cash equivalents, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risks investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instruments has significantly increased in credit risk and estimate ECLs.

For receivables and contract assets, an impairment analysis is performed at each reporting date using vintage analysis to measure ECLs. The Company used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given ICR pool. The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information



that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- Gross domestic income
- Bank lending rates

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

The Company evaluated the credit quality of the ICR pool through a ratio of default occurrences of each month for the past 5 years to the number of receivable issuances during each year. The analysis resulted to low PD rates as the Company experienced minimal default occurrences in the past. In addition, the Company expects to recover the defaulted accounts through subsequent disposal of repossessed inventories at an amount higher than the contractual cash flows due and defaulted.

No provision for credit losses in 2019 and 2018 using the ECL model has been recorded.

The aging per class of financial assets and the expected credit loss are as follows:

December 31, 2019

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Simplified Approach	
Amortized Cost					
Cash in banks and cash equivalents*	₱39,897,824	₱—	₱—	₱—	₱39,897,824
Receivables**	—	—	—	25,667,625	25,667,625
Contract assets	—	—	—	71,053,340	71,053,340
Refundable deposits	3,143,986	—	—	—	3,143,986
	₱43,041,810	₱—	₱—	₱96,720,965	₱139,762,775

*Excludes cash on hand.

**Excluding advances to suppliers and contractors.

December 31, 2018

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Simplified Approach	
Amortized Cost					
Cash in banks and cash equivalents*	₱36,906,567	₱—	₱—	₱—	₱36,906,567
Receivables**	—	—	—	34,427,940	34,427,940
Contract assets	—	—	—	59,457,026	59,457,026
Refundable deposits	3,106,524	—	—	—	3,106,524
	₱40,013,091	₱—	₱—	₱93,884,966	₱133,898,057

*Excludes cash on hand.

**Excluding advances to suppliers and contractors.



Set out below is the information about credit risk exposure on the Company's financial assets using a vintage analysis:

December 31, 2019

	Current	Days Past Due				Total Receivables and Contract Assets and ECL
		0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱93,105,796	₱-	₱-	₱-	₱3,615,169	₱96,720,965
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱-	₱-	₱-	₱-	₱-	₱-

December 31, 2018

	Current	Days Past Due				Total Receivables and Contract Assets and ECL
		0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	₱74,718,417	₱6,192,916	₱492,060	₱274,608	₱12,206,965	₱93,884,966
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	₱-	₱-	₱-	₱-	₱-	₱-

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. Management is responsible for liquidity, funding as well as settlement management. In addition, liquidity and funding risks, related processes and policies are overseen by management. The Company manages its liquidity risk based on business needs, tax, capital or regulatory considerations, if applicable, through numerous sources of finance in order to maintain flexibility.

The following tables summarize the maturity profile of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and the Company's financial liabilities based on contractual undiscounted payments.

December 31, 2019

	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	₱39,925,727	₱-	₱-	₱-	₱39,925,727
Receivables*	6,709,032	3,958,593	15,000,000	-	25,667,625
Contract assets	22,319,162	6,153,117	18,459,351	24,121,710	71,053,340
Refundable deposits	3,143,986	-	-	-	3,143,986
	72,097,907	10,111,710	33,459,351	24,121,710	139,790,678
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	19,663,371	37,009,337	1,261,078	-	57,933,786
Due to parent company	905,200,241	-	-	-	905,200,241
	924,863,612	37,009,337	1,261,078	-	963,134,027
Liquidity position (gap)	(₱852,765,705)	(₱26,897,627)	₱32,198,273	₱24,121,710	(₱823,343,349)

*Excluding advances to suppliers and contractors.

**Excluding government payables.



	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Assets					
Financial assets at amortized cost:					
Cash and cash equivalents	P37,053,330	P–	P–	P–	P37,053,330
Receivables*	12,493,822	6,934,118	15,000,000	–	34,427,940
Contract assets	–	6,686,101	20,058,304	32,712,621	59,457,026
Refundable deposits	3,106,524	–	–	–	3,106,524
	52,653,676	13,620,219	35,058,304	32,712,621	134,044,820
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	10,870,260	37,507,676	861,630	–	49,239,566
Due to parent company	1,001,200,241	–	–	–	1,001,200,241
	1,012,070,501	37,507,676	861,630	–	1,050,439,807
Liquidity position (gap)	(P959,416,825)	(P23,887,457)	P34,196,674	P32,712,621	(P916,394,987)

*Excluding advances to suppliers and contractors.

**Excluding government payables.

Fair Value of Financial Instruments

The Company has no financial instruments measured at fair value on a recurring basis. As of December 31, 2019 and 2018, the carrying values of cash and cash equivalents, receivables, refundable deposits, accounts payable and other current liabilities and due to Parent Company approximate their fair values due to the short-term nature of these transactions.

Capital Management

The primary objective of the Company's capital management is to ensure that the Company has sufficient funds in order to support its business, pay existing obligations and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To manage or adjust the capital structure, the Company may obtain additional advances from the Parent Company and stockholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2019 and 2018.

The Company was able to meet its capital management objectives as of December 31, 2019 and 2018.

The following table pertains to the account balances which the Company considers as its core economic capital.

	2019	2018
Due to Parent Company	P905,200,241	P1,001,200,241
Capital stock	41,229,800	41,229,800
Additional paid-in capital	281,068,200	281,068,200
Deficit	(167,004,837)	(162,626,401)
	P1,060,493,404	P1,160,871,840

20. Contracts and Commitments

Construction Agreements and Purchase Commitments

The Company entered into various construction-related contracts for the Anala and Althea projects. These contracts pertain to construction management, general construction works, exterior wall construction works, land development works, mechanical works and electrical and auxiliary works. The contracts for the Anala Project commenced on various dates in 2011 and 2012, with terms ranging from 3 weeks to 2 years. These contracts expired on various dates in 2012 until May 2015, the



anticipated turnover date of Anala. The contracts relating to the Althea Project ranges from 120 to 180 days.

These agreements require down payment of 15% to 20% of the contract price while the balance will be settled through progress billings. The agreements also include a provision whereby the Company shall deduct 10% retention from every progress payment until full completion of the project work. Retention payable related to these contracts amounted to ₱1.26 million and ₱0.86 million as of December 31, 2019 and 2018, respectively (see Note 10).

Lease Agreements

On June 16, 2015, the Company entered into a new lease contract with E. Zobel, Inc. for the transfer of office space from 4th Floor to 2nd Floor of Enzo Building, located at No. 399 Senator Gil Puyat Avenue, Makati City for a period of six months. The lease agreement is renewable on a yearly basis subject to the mutual agreement of the parties. In January 2019, the Company renewed the lease for another year.

The Company paid security deposit amounting to ₱0.31 million to answer for any and all damages to the leased premises and as security for the return of the leased premises in proper condition. Minimum lease payments within one year amounted to ₱1.72 million.

The Company recognized short-term lease expense amounting to ₱2.1 million in 2019 and rentals amounting to ₱2.09 million in 2018 (see Notes 11 and 12).

21. Events after the Reporting Period

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring 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 until April 12, 2020, which was subsequently extended to May 15, 2020. After which Modified ECQ was implemented to Metro Manila until May 31, 2020, and General Community Quarantine until June 15, 2020, which was then subsequently extended to June 30, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Company cannot determine at this time the impact to its financial position, performance and cash flows. The Company will continue to monitor the situation.



22. Supplementary Information Required Under Revenue Regulations No. 15-2010

In compliance with the requirements set forth by Revenue Regulations No. 15-2010 hereunder are the information on taxes and license fees paid or accrued in 2019:

VAT

Net sales/receipts and output VAT declared in the Company's VAT returns for 2019:

	Net Sales/ Receipts	Output VAT
VATable sales	₱63,845,762	₱7,661,491
Exempt sales	131,275,336	—
	₱195,906,815	₱7,661,491

Exempt sales consist of real estate sales where contract price of sold units did not meet the threshold for VAT purposes as provided in Section 109 of National Internal Revenue Code of 1997, as amended. Accordingly, there was no output VAT recognized for such transactions.

Details of the Company's input VAT as at December 31, 2019 is as follows:

Input VAT, beginning of the year	₱52,421,256
Current year domestic purchases/payments for:	
Goods other than capital goods	160,885
Services	3,668,999
Input VAT allocable to exempt sales	(4,431,269)
Total available input VAT	51,819,870
Application against output VAT	(7,661,491)
Input VAT, end of the year	₱44,158,380

Withholding Taxes

The Company has withholding taxes for the year ended December 31, 2019 as follows:

Expanded withholding taxes	₱2,007,586
Tax on compensation and benefits	3,153,065
	₱5,160,651

Tax on compensation and benefits and expanded withholding taxes are recorded under the "Cost of real estate sales" and "General and administrative expenses" accounts in the statement of comprehensive income.

Other Taxes and Licenses

In 2019, the Company has paid taxes and licenses which is lodged under "General and administrative expenses" in the statement of comprehensive income as follows:

Real property taxes	₱1,981,809
Business permits	1,147,331
	₱3,129,140

Tax Assessment and Case

In 2019, the Company was not involved in any tax assessment and cases.

