

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 2 - 0 6 4 4 1

COMPANY NAME

S O C R E S O U R C E S , I N C . A N D
S U B S I D I A R Y

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

4 t h F l o o r E n z o B u i l d i n g ,
3 9 9 S e n a t o r G i l P u y a t A v e n u e ,
M a k a t i C i t y 1 2 0 0

Form Type

A A C F S

Department requiring the report

C R M D

Secondary License Type, If Applicable

N / A

COMPANY INFORMATION

Company's Email Address

socinfo@southchinaresourcesinc.com.ph

Company's Telephone Number

8804-1978

Mobile Number

N/A

No. of Stockholders

359

Annual Meeting (Month / Day)

05/25

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Ronna C. De Leon

Email Address

ronnadeleon_soc@yahoo.com.ph

Telephone Number/s

8804-1978

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200

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
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

Opinion

We have audited the consolidated financial statements of SOCResources, Inc. and Subsidiary (the "Group"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2019, 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 Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Real Estate Revenue Recognition

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation: (1) assessment of the probability that the entity will collect the consideration from the buyer; (2) application of the input method as the measure of progress in determining revenue from contracts with customers; and (3) determination of the actual costs incurred as cost of sales.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is also assessed by considering factors such as past history with buyers, age of residential and office development receivables and pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group 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 Group 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.

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process. For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold.

For the application of the input method, in determining real estate revenue, we obtained an understanding of the Group's processes for cost accumulation and determining the POC, and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed the project engineers' competence and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries and obtained the supporting details of POC reports showing the completion of the major activities of project construction.

For the cost of sales, we obtained an understanding of the Group's cost accumulation process and performed tests of the relevant controls. For selected projects, we traced costs accumulated, including those incurred but not yet billed costs, to supporting documents such as invoices and accomplishment reports from the contractors and official receipts.



Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the twelve-month period ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

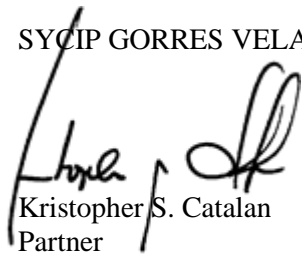
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kristopher S. Catalan.

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. 7332534, January 3, 2019, Makati City

June 29, 2020

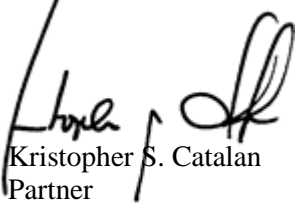


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULE

The Board of Directors and the Stockholders
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. and Subsidiary as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A, and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Retained Earnings Available for Dividend Declaration is the responsibility of Company's management. The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the information required to be set forth therein 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. 7332534, January 3, 2019, Makati City

June 29, 2020

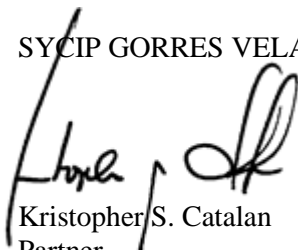


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and the Stockholders
SOCResources, Inc.
4th Floor Enzo Building
399 Senator Gil Puyat Avenue
Makati City 1200

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of SOCResources, Inc. and its subsidiary (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 29, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

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



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	P557,462,198	P455,632,239
Receivables (Note 6)	30,728,934	39,388,443
Contract assets (Note 22)	46,931,630	26,744,405
Due from a related party (Note 19)	243,387	230,703
Real estate inventories (Note 7)	1,058,274,302	1,066,908,248
Prepayments and other current assets (Note 8)	60,578,751	72,833,084
Total Current Assets	1,754,219,202	1,661,737,122
Noncurrent Assets		
Equity investments at fair value through other comprehensive income (FVTOCI) (Note 9)	43,208,458	52,290,036
Contract assets - net of current portion (Note 22)	24,121,710	32,712,621
Property and equipment (Note 11)	37,960,890	35,979,291
Other noncurrent assets (Note 12)	13,160,171	17,946,310
Total Noncurrent Assets	118,451,229	138,928,258
TOTAL ASSETS	P1,872,670,431	P1,800,665,380
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Note 13)	P60,181,749	P50,579,955
Contract liabilities (Note 22)	129,096,963	81,787,361
Total Current Liabilities	189,278,712	132,367,316
Noncurrent Liabilities		
Retirement benefit obligation (Note 17)	5,782,334	4,281,472
Deferred income tax liabilities (Note 18)	1,867,067	10,970,026
Contract liabilities - net of current portion (Note 22)	50,384,702	16,055,108
Total Noncurrent Liabilities	58,034,103	31,306,606
Total Liabilities	247,312,815	163,673,922
Equity (Note 20)		
Common stock		
Issued	601,389,569	600,559,569
Subscribed	76,292,500	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings:		
Appropriated	745,000,000	745,000,000
Unappropriated	122,327,823	124,748,464
Other comprehensive income (Notes 9 and 17)	13,037,234	22,872,935
Treasury stock	(4,961,650)	(4,961,650)
Equity	1,625,357,616	1,636,991,458
TOTAL LIABILITIES AND EQUITY	P1,872,670,431	P1,800,665,380

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUE FROM REAL ESTATE SALES (Note 22)	₱112,582,130	₱137,575,939	₱64,931,959
OTHER INCOME (CHARGES)			
Interest income (Notes 4, 5 and 6)	23,132,313	17,656,548	12,896,876
Dividend income (Note 9)	386,287	409,612	350,056
Foreign exchange gain (loss) - net	(241,472)	327,811	25,803
Realized gain on sale of debt investments at fair value through profit or loss (FVTPL) [Note 10]	—	91,745	—
Realized gain on redemption of Unit Investment Trust Fund (UITF) (Note 9)	—	—	257,841
Other income - net (Note 16)	731,251	8,336,581	5,388,164
	24,008,379	26,822,297	18,918,740
COSTS AND EXPENSES			
Cost of real estate sales (Note 7)	(67,905,972)	(65,715,940)	(33,411,749)
General and administrative expenses (Note 14)	(58,125,285)	(61,084,028)	(50,802,952)
Sales and marketing expenses (Note 15)	(13,429,475)	(24,511,564)	(22,455,660)
	(139,460,732)	(151,311,532)	(106,670,361)
INCOME (LOSS) BEFORE INCOME TAX	(2,870,223)	13,086,704	(22,819,662)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 18)			
Current	8,579,821	243,118	1,276,648
Deferred	(9,029,403)	5,007,133	2,168,161
	(449,582)	5,250,251	3,444,809
NET INCOME (LOSS)	(2,420,641)	7,836,453	(26,264,471)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains on AFS financial assets, net of deferred income tax (Note 9)	—	—	736,513
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>			
Unrealized valuation gains (losses) on equity investments at FVTOCI (Note 9)	(9,081,578)	7,299,437	—
Actuarial gains (losses) on defined benefit plan net of deferred income tax (Note 17)	(754,123)	881,200	(35,236)
	(9,835,701)	8,180,637	701,277
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱12,256,342)	₱16,017,090	(₱25,563,194)
Basic/Diluted Earnings (Loss) Per Share (Note 21)	(₱0.0040)	₱0.0130	(₱0.0437)

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Common Stock (Note 20)		Additional Paid-in Capital	Retained Earnings (Note 20)		Other Comprehensive Income (Notes 9 and 17)	Treasury Stock (Note 20)	Total
	Issued	Subscribed		Appropriated	Unappropriated			
BALANCES AT DECEMBER 31, 2016	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P143,071,110	P14,096,393	(P4,961,650)	P1,646,537,562
Net loss	–	–	–	–	(26,264,471)	–	–	(26,264,471)
Other comprehensive income	–	–	–	–	–	701,277	–	701,277
Total comprehensive income (loss)	–	–	–	–	(26,264,471)	701,277	–	(25,563,194)
BALANCES AT DECEMBER 31, 2017	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,639	P14,797,670	(P4,961,650)	P1,620,974,368
BALANCES AT JANUARY 1, 2018, AS PREVIOUSLY STATED	P600,559,569	P76,500,000	P72,272,140	P745,000,000	P116,806,639	P14,797,670	(P4,961,650)	P1,620,974,368
Effect of adoption PFRS 9, <i>Financial Instruments</i>	–	–	–	–	105,372	(105,372)	–	–
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	600,559,569	76,500,000	72,272,140	745,000,000	116,912,011	14,692,298	(4,961,650)	1,620,974,368
Net income	–	–	–	–	7,836,453	–	–	7,836,453
Other comprehensive income	–	–	–	–	–	8,180,637	–	8,180,637
Total comprehensive income	–	–	–	–	7,836,453	8,180,637	–	16,017,090
BALANCES AT DECEMBER 31, 2018	600,559,569	76,500,000	72,272,140	745,000,000	124,748,464	22,872,935	(4,961,650)	1,636,991,458
Additional issuance	830,000	(207,500)	–	–	–	–	–	622,500
Net loss	–	–	–	–	(2,420,641)	–	–	(2,420,641)
Other comprehensive loss	–	–	–	–	–	(9,835,701)	–	(9,835,701)
Total comprehensive loss	–	–	–	–	(2,420,641)	(9,835,701)	–	(12,256,342)
BALANCES AT DECEMBER 31, 2019	P601,389,569	P76,292,500	P72,272,140	P745,000,000	P122,327,823	P13,037,234	(P4,961,650)	P1,625,357,616

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	(P2,870,223)	P13,086,704	(P22,819,662)
Adjustments for:			
Interest income (Notes 4, 5 and 6)	(23,132,313)	(17,656,548)	(12,896,876)
Depreciation and amortization (Note 11)	3,939,323	2,872,208	2,422,066
Gain on repossession (Note 16)	(464,520)	(1,147,589)	(4,170,772)
Retirement benefit cost (Note 17)	673,183	657,461	543,738
Dividend income (Note 9)	(386,287)	(409,612)	(350,056)
Unrealized foreign exchange loss (gains)	241,472	(327,811)	(25,803)
Realized gain on debt investments at FVTPL (Note 10)	—	(91,745)	—
Research and development cost	—	42,750	—
Gain on redemption of UITF (Note 9)	—	—	(257,841)
Operating loss before working capital changes	(21,999,365)	(2,974,182)	(37,555,206)
Decrease (increase) in:			
Receivables	8,719,289	74,688,791	35,263,823
Contract assets	(11,596,314)	(59,457,026)	—
Real estate inventories	9,098,466	27,108,365	(6,576,656)
Due from a related party	(12,684)	(39,084)	(12,583)
Other current assets	13,763,766	1,999,294	13,053,876
Increase (decrease) in:			
Accounts payable and other liabilities	9,601,794	(77,697,827)	14,072,323
Contract liabilities	81,639,196	97,842,469	—
Cash flows generated from operations	89,214,148	61,470,800	18,245,577
Interest received	23,051,543	16,896,131	9,646,610
Income taxes paid, including creditable withholding taxes	(5,211,990)	(885,360)	(5,373,312)
Net cash flows from operating activities	107,053,701	77,481,571	22,518,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Note 11)	(5,920,922)	(4,027,560)	(2,606,138)
Short-term investments (Note 5)	—	—	(252,573,205)
Available for sale (AFS) financial assets (Note 9)	—	—	(140,000,000)
Dividends received	407,277	399,628	251,168
Decrease (increase) in other noncurrent assets	(91,125)	397,791	—
Proceeds from:			
Sale of short-term investments	—	255,823,471	—
Redemption of UITF (Notes 9 and 10)	—	10,197,117	130,257,841
Net cash flows from (used in) investing activities	(5,604,770)	262,790,447	(264,670,334)
CASH FLOWS FROM FINANCING ACTIVITY			
Proceeds from additional issuance of stock	622,500	—	—
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(241,472)	327,811	25,803
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	101,829,959	340,599,829	(242,125,656)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	455,632,239	115,032,410	357,158,066
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P557,462,198	P455,632,239	P115,032,410

See accompanying Notes to Consolidated Financial Statements.



SOCRESOURCES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

SOCResources, Inc., (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 25, 1992, primarily to undertake oil and gas exploration, development and production. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

In October 2003, the Philippine SEC approved the amendment of the Parent Company's articles of incorporation, particularly the change in its primary purpose of business. The Parent Company is now 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.

On April 25, 2014, the Board of Directors (BOD) approved the amendment in the articles of incorporation to change the name of the Parent Company from South China Resources, Inc. to SOCResources, Inc. The change was approved by the Philippine SEC on September 4, 2014.

SOC Land Development Corporation (SOC Land or the Subsidiary) was incorporated in the Philippines and registered with the Philippine SEC on November 25, 2010.

The registered office address of the Parent Company is 4th Floor Enzo Building, 399 Senator Gil Puyat Avenue, Makati City 1200.

Status of Operations

Real Estate Development

In 2011, SOC Land 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 five billion pesos to generate approximately seven billion pesos 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, SOC Land'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, SOC Land 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 SOC Land 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 SOC Land's License to Sell for the Anala Tower with targeted completion date in 2015.

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

In 2014, SOC Land 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 SOC Land. 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 2018, SOC Land 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 Consolidated Financial Statements

The consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were approved and authorized for issue by the BOD on June 29, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for debt instruments designated at fair value through profit or loss (FVTPL) and equity investments at fair value through other comprehensive income (FVTOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company and Subsidiary's functional currency. All values are rounded off to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying consolidated 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).

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its wholly owned subsidiary, SOC Land. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continue to be consolidated until the date when such control ceases. The financial statements of the Subsidiary are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Subsidiaries are entities over which the Parent Company has control or generally has an interest of more than one half of the voting rights of the entities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent Company controls another entity. Control is achieved where the Parent Company has all of the following:

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

All intra-group balances, transactions, income and expenses, and profits and losses resulting from intra-group transactions that are recognized are eliminated in full.

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 Group has adopted the following new accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated. Additional disclosures have been included in the notes to consolidated 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 Group is the lessor.

The Group 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 Group 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 Group's financial statements because the Group has no long-term lease contract as at January 1, 2019. The Group 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 consolidated financial statements of the Group.

- 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 consolidated financial statements of the Group 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 consolidated financial statements as the Group 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 consolidated financial statements of the Group 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 consolidated financial statements of the Group because dividends declared by the Group 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 Group has no borrowing costs incurred, these amendments had no impact on the consolidated financial statements of the Group.

Future Changes in Accounting Policy

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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 Group.



- 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 Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2019 consolidated financial statements.



Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Summary of Accounting Policies

Current versus Noncurrent Classification

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

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



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

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

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

Cash and Cash Equivalents

Cash includes cash on hand and in 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 date of placements and that are subject to an insignificant risk of change in value.

Short-term Investments

Short-term investments includes investments that the Parent Company has made that is expected to be converted into cash within one year.

Financial Instruments

Financial Instruments – initial recognition and subsequent measurement effective January 1, 2018

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.

a. Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVTPL and FVTOCI.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. 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 SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group'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 Group 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 Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

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

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments and golf club shares under this category.



Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are accounted for as financial assets at FVTPL unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value presented as “gain on debt instruments at FVTPL” (positive net changes in fair value) or “loss on debt instruments at FVTPL” (negative net changes in fair value) in profit or loss.

As of December 31, 2018, this category includes the Group’s investment in UITF.

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 Group’s balance sheet) when:

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

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

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

Impairment of financial assets

The Group recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, liabilities at amortized cost, 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, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding government payables).

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 Group. 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 consolidated 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 consolidated statement comprehensive income.

c. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

Financial Instruments – initial recognition and subsequent measurement prior to January 1, 2018

Date of Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each reporting date.

All regular way purchases and sales of financial assets are recognized on the settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). Except for financial assets at fair value through profit or loss (FVTPL), the initial measurement of financial assets includes transaction costs.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss unless it qualifies for the recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the amount of “Day 1” difference.

Classification of Financial Instruments

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Financial assets are further classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity (HTM) investments and AFS financial assets. Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities.



The classification depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, re-evaluates this classification at every reporting date.

The Group has no financial assets or liabilities at FVTPL and HTM as of December 31, 2017.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest rate, less any allowance for impairment. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are integral part of the effective interest and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

The Group's loans and receivables consist of cash and cash equivalents, receivables (excluding advances to suppliers and contractors), due from a related party and refundable deposits.

AFS Financial Assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those which are neither classified as held for trading nor designated at FVTPL. Debt securities under this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in "Unrealized valuation gains (losses) on AFS financial assets" until the investment is derecognized, at which time the cumulative gain or loss is transferred to other income (expenses), or determined to be impaired, at which time the cumulative loss is recognized in profit or loss as other expenses. Interest earned while holding AFS financial assets is reported as interest income using the effective interest method.

The Group evaluates its AFS financial assets whether the ability and intention to sell them in the near term is appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial asset meets the definition of loans and receivables and has the intent and ability to hold these assets for the foreseeable future or maturity. Reclassification to the HTM category is permitted only when the entity has the ability and intent to hold the financial asset accordingly until maturity.

For a financial asset reclassified out of the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using effective interest method. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest method. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Group's AFS financial assets consist of equity shares and golf club shares.

Other Financial Liabilities

Other financial liabilities pertain to issued financial instruments or their components that are not classified or designated at FVPL and contain contractual obligations to deliver cash or another financial



asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

This category includes loans and borrowings which are initially recognized at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains or losses are recognized in profit or loss when the liabilities are derecognized, as well as through the amortization process.

The Group's other financial liabilities consist of accounts payable and other liabilities, excluding taxes payable to government agencies.

Impairment of Financial Assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the contracted parties or a group of contracted parties is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is measurable decrease in the estimated future cash flows such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or



loss, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

AFS Financial Assets Carried at Fair Value

In the case of equity investments, evidence of impairment would include a significant or prolonged decline in fair value of investments below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at fair value. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial Assets

A financial asset (or, when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.



Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

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 Group due to buyer's default on payment of monthly amortization. These are measured at fair value, which is considered as the properties' deemed cost as at reacquisition date. Any resulting gain or loss is credited or charged to "Other income" in profit or loss.

Prepayments

Prepayments are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months.

Advances to Suppliers and Contractors

Advances to suppliers and contractors represent advance payments on services to be incurred in connection with the Group's operations. Advances to suppliers and contractors are recognized under "Prepayments and other current assets" account in the consolidated statement of financial position. These are charged to expense in profit or loss, or capitalized to real estate inventories in the consolidated 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 “Prepayments and other current assets” account in the consolidated 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 consolidated 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 consolidated statement of financial position to the extent of the recoverable amount.

The input VAT recoverable from the taxation authority is included as part of “Prepayments and other current assets” or “Other noncurrent asset”, while output VAT payable to the taxation authority is included as part of “Accounts payable and other liabilities” accounts in the consolidated statement of financial position.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment losses.

The initial cost of property and equipment comprises its purchase price including, import duties, nonrefundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the cost of replacing part of such equipment when the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which 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 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:

<u>Asset Type</u>	<u>Number of years</u>
Building	20
Office furniture and equipment	1-3
Transportation equipment	5

Leasehold improvements are amortized on a straight-line basis over the term of the lease or the estimated lives of the improvements except for, 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 Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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 Group 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.

Common Stock

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

When the shares are sold at premium, the excess of the proceeds over 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 reporting period. Otherwise, the subscription receivable is presented as current asset.

Retained Earnings

The amount included in retained earnings includes profit (loss) attributable to the Group's stockholders and reduced by dividends. Dividends are recognized as a liability and deducted from equity when they are approved by the Group's stockholders. Interim dividends are deducted from equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.



Appropriated retained earnings represent the portion which has been restricted, and therefore, not available for dividend declaration. Unappropriated retained earnings represent accumulated earnings which can be declared as dividends to stockholders.

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.

Treasury Stock

Own equity instruments which are reacquired (treasury stock) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference in the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury stock are nullified for the Group and no dividends are allocated to them respectively. When the stocks are retired, the common stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue Recognition

Revenue Recognition effective January 1, 2018

Revenue from Contract with Customers

The Group 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 Group expects to be entitled in exchange for those goods or services. The Group 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 Group 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 Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group 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 Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs from project engineers. In determining that actual costs incurred, the Group estimates cost incurred on materials, labor and overhead which have not yet been billed by the contractor. Input method excludes



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 consolidated 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 consolidated statement of financial position.

Cost recognition

The Group 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 Group 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 Group'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 Group 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 Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group 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 Group performs under the contract.

The contract liabilities also include payments received by the Group 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 Group expects to recover them. The Group 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 consolidated 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 Group 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 Group 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 Group’s contract fulfillment assets pertain to connection fees and land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group 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 Group determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group 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 judgments are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.



Revenue Recognition prior to January 1, 2018

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria should also be met before revenue is recognized.

Real Estate Sales

The Group assesses whether it is probable that the economic benefits will flow to the Group when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

The percentage-of-completion (POC) method is used to recognize revenue from sale of projects where the Group has material obligations under the sales contract to complete the project after the property is sold. The Group start recognizing income under POC when the equitable interest has been transferred to the buyer, construction is beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the building foundation are finished), and the costs incurred or to be incurred can be measured reliable. Under this method, revenue is recognized as the related obligations are fulfilled, measured principally on the basis of actual costs incurred to date over the estimated total costs to complete the project.

When a sale of real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, revenue is not recognized and the receivable from the buyer is not recorded. The real estate inventory continues to be reported in the Group's consolidated statement of financial position as part of real estate inventories and the deposit as part of as "Customers' deposits" included under the "Accounts payable and other liabilities" account in the consolidated statement of financial position.

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 Group'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 profit or loss in the period in which the change is made.



General and Administrative Expenses

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

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.

Retirement Benefits Cost

The Group 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 benefits cost 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 profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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

Net interest on the net defined benefit liability or asset is recognized as an expense or income in profit or loss.

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

Research and Development Costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Parent Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development



Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

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 consolidated 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 "Prepayments and other current assets" account in the consolidated 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 before their expiration.

The carrying amount of deferred 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 tax assets to be utilized. Unrecognized deferred 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.

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

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year attributable to equity holders of the Group by the weighted average number of common shares outstanding during the year, after giving retroactive effect to any stock dividends or stock splits, if any, declared during the year.



Diluted earnings (loss) per share is computed in the same manner, with the net income (loss) for the year attributable to equity holders of the Group and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares.

Foreign Currency-denominated Transactions

Transactions in foreign currencies are initially recorded in the functional currency rate ruling 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.

Leases (Effective January 1, 2019)

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group's lease contracts qualify as a short-term leases.

Short-term leases

The Group 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).

Operating leases

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.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 assessment 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 consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

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

3. Significant Accounting Judgments, Estimates and Assumptions

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

Judgments

In the process of applying the Group'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 consolidated financial statements:

Existence of a contract (PFRS 15)

The Group'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 Group before revenue recognition is to assess the probability that the Group 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.

Determination of transaction price (PFRS 15)

The Group considered the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

Revenue recognition method and measure of progress (PFRS 15)

The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use; and (b) the Group has an



enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group'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 Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

Identifying performance obligation (PFRS 15)

The Group has various contracts to sell covering (a) serviced lot, (b) serviced lot and house, (c) condominium unit and (d) parking lot. The Group 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 Group's service to transfer the title of the real estate unit to the customer.

Revenue Recognition (PAS 18)

Selecting the appropriate revenue recognition method for particular real estate transaction requires certain judgments based on the following, among others:

- *Buyer's continuing commitment to the sales agreement*
Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that gives the buyer a sufficient stake in the property that risk of loss through default motivates the buyer to honor his obligation. Collectability is also assessed by considering factors such as the credit standing of the buyer, age, and location of the property.

For sale of real estate properties, in determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 25% would demonstrate the buyer's commitment to pay.

- *Stage of completion of the project*
The Group commences the recognition of revenue from sale of uncompleted projects where the POC method is used when the POC, as determined by project engineers employed by the Group, is already beyond the preliminary stage (i.e., engineering, design work, construction contracts execution, site clearance and preparation, excavation and the house unit foundation are finished).

Assessment of Impairment of Nonfinancial Assets

The Group assesses impairment on other current assets and property and equipment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The factors that the Group 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 Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

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

Operating Leases - The Group as Lessee - effective prior to January 1, 2019

The Group has entered into a lease for its administrative office location. The Group has determined that all the significant risks and benefits of ownership of these properties remain with the lessors. Accordingly, these leases are accounted for as operating leases.

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 Group's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenue and costs. The Group'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 Group 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 Group's project engineer as well as management's monitoring of the costs, progress and improvements of the projects.

Real estate sales and cost of real estate sales amounted to ₱112.58 million and ₱67.91 million in 2019, ₱137.58 million and ₱65.72 million in 2018 and ₱64.93 million and ₱33.41 million in 2017, respectively (see Notes 7 and 22).

Provision for ECL (PFRS 9)

The Group uses a vintage analysis to calculate ECLs for trade receivables and contract assets. The Group 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 Group's historical observed default rates. The Group 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 Group'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 Group's trade receivables and contract assets is disclosed in Note 6.

No allowance for ECL was recognized in 2019 and 2018. The carrying values of receivables as of December 31, 2019 and 2018 amounted to ₱30.73 million and ₱39.39 million, respectively (see Note 6).

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 Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and liability in such future period. While the Group 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, 2018 and 2017 amounted to ₱0.7 million, ₱0.7 million and ₱0.5 million, respectively. Retirement benefits liability amounted to ₱5.8 million and ₱4.3 million as of December 31, 2019 and 2018, respectively (see Note 17).

Measurement of Net Realizable Value of Real Estate Inventories

The Group 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 Group assessed that the NRV of real estate inventories is higher than cost, hence the Group did not recognize any losses on write down of real estate inventories (see Note 7).

Recognition of Deferred Income Tax Assets

The Group 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 income tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred income tax assets to be utilized.

The Group recognized deferred income tax asset amounting to ₱7.91 million and ₱0.69 million as of December 31, 2019 and 2018, respectively (see Note 18).



4. Cash and Cash Equivalents

	2019	2018
Cash on hand and in banks	₱51,341,003	₱39,035,047
Cash equivalents	506,121,195	416,597,192
	₱557,462,198	₱455,632,239

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Interest income earned amounted to ₱18.8 million, ₱8.4 million and ₱1.7 million in 2019, 2018 and 2017, respectively.

5. Short-Term Investments

In 2017, the Parent Company acquired investments in government securities bearing interest ranging from 2.85% to 3.00%. Upon maturity in 2018, the Parent Company sold the short-term investments. Interest earned amounted to nil, ₱2.8 million and ₱3.3 million in 2019, 2018 and 2017, respectively.

6. Receivables

	2019	2018
Installment contract receivables	₱3,615,169	₱3,631,778
Advances to:		
Officers and employees	19,241,592	19,181,478
Agents	1,562,928	2,047,642
Other receivables	6,309,245	14,527,545
	₱30,728,934	₱39,388,443

- a. 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 ₱4.3 million, ₱6.5 million and ₱7.9 million in 2019, 2018 and 2017, respectively.

- b. 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.
- c. Other receivables consist mostly of receivables from unit owners and Condominium Corporation.



7. Real Estate Inventories

	2019	2018
Condominium and residential units	P567,505,399	P588,109,747
Subdivision projects for development	359,423,245	341,723,243
Lot inventory	131,345,658	137,075,258
	P1,058,274,302	P1,066,908,248

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
Repossessed inventories	17,449,488	15,241,968
Disposals recognized as cost of real estate sales	(67,905,972)	(65,715,940)
	P1,058,274,302	P1,066,908,248

8. Prepayments and Other Current Assets

	2019	2018
Input VAT - net of noncurrent portion (Note 12)	P32,872,114	P35,996,245
Prepaid taxes	24,038,480	27,483,604
Refundable deposits (Note 26)	3,237,784	3,195,444
Advances to suppliers and contractors	339,795	6,012,926
Others	90,578	144,865
	P60,578,751	P72,833,084

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.

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

9. Equity Investments at FVTOCI

	2019	2018
Golf club shares	P35,250,000	P35,250,000
Listed equity investments	7,958,458	17,040,036
	P43,208,458	P52,290,036

As of December 31, 2019 and 2018, the Group's equity investments at FVTOCI pertain to investments in golf club shares and shares of stock of various publicly-listed companies.

The fair values of the shares of stock are based on the quoted market price that is readily and regularly available in the Philippine Stock Exchange.

The fair value of quoted club share is determined by reference to published price quotation.



Dividend income earned from equity investments amounted to P0.39 million, P0.41 million and P0.35 million in 2019, 2018 and 2017, respectively.

Realized gain on redemption of UITF amounted to P0.26 million in 2017.

The rollforward of net changes in fair value of equity investments at FVTOCI are as follows:

	2019	2018
Balance at beginning of year	P21,643,114	P14,343,677
Fair value adjustments	(9,081,578)	7,299,437
Balances at end of year	P12,561,536	P21,643,114

10. Debt Investments at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), previously classified as available-for sale (AFS) financial assets, which was reclassified and measured as debt instruments classified at FVTPL beginning January 1, 2018. The reconciliation of the carrying amounts of debt investments at FVTPL as of December 31, 2018 follows:

Balance at beginning of year, as previously reported	P–
Adoption of PFRS 9	10,105,372
Balance at beginning of year, as adjusted	10,105,372
Fair value adjustments	91,745
Disposal during the year	(10,197,117)
Balances at end of year	P–

11. Property and Equipment

December 31, 2019

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	P16,336,217	P20,053,280	P12,040,825	P16,211,126	P5,499,981	P70,141,429
Additions	–	324,138	5,337,849	40,714	218,221	5,920,922
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	16,336,217	20,377,418	17,323,674	16,251,840	5,718,202	76,007,351
Accumulated depreciation and amortization						
Balances at beginning of year	–	6,344,434	9,831,428	14,168,792	3,817,484	34,162,138
Depreciation and amortization (Notes 14 and 15)	–	936,819	787,845	504,679	1,709,980	3,939,323
Retirements	–	–	(55,000)	–	–	(55,000)
Balances at end of year	–	7,281,253	10,564,273	14,673,471	5,527,464	38,046,461
Net book values	P16,336,217	P13,096,165	P6,759,401	P1,578,369	P190,738	P37,960,890



December 31, 2018

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱18,734,059	₱10,568,419	₱15,037,828	₱5,499,981	₱66,176,504
Additions	—	1,319,221	1,535,041	1,173,298	—	4,027,560
Disposals	—	—	(62,635)	—	—	(62,635)
Balances at end of year	16,336,217	20,053,280	12,040,825	16,211,126	5,499,981	70,141,429
Accumulated depreciation and amortization						
Balances at beginning of year	—	5,407,847	9,214,559	13,825,825	2,861,584	31,309,815
Depreciation and amortization (Notes 14 and 15)	—	936,587	636,754	342,967	955,900	2,872,208
Disposals	—	—	(19,885)	—	—	(19,885)
Balances at end of year	—	6,344,434	9,831,428	14,168,792	3,817,484	34,162,138
Net book values	₱16,336,217	₱13,708,846	₱2,209,397	₱2,042,334	₱1,682,497	₱35,979,291

As of December 31, 2019 and 2018, the cost of fully depreciated property and equipment amounted to ₱22.9 million and ₱19.0 million, respectively. These are retained in the records and still used by the Group until these are disposed or the Group vacates the leased premises.

12. Other Noncurrent Asset

Other noncurrent asset consists 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 ₱13.2 million and ₱17.9 million, respectively.

13. Accounts Payable and Other Liabilities

	2019	2018
Accrued contractors' payables	₱37,009,336	₱38,012,562
Accounts payable - trade	18,615,203	10,415,146
Accrued expenses	1,944,141	797,711
Government payables	1,351,991	492,906
Retention payables (Note 26)	1,261,078	861,630
	₱60,181,749	₱50,579,955

- Accrued contractors' payables represent accruals for billings of various contractors in relation to the Anuva and Althea Project. 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.
- 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.
- Retention payables represent the amount retained by the Group 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.



14. General and Administrative Expenses

	2019	2018	2017
Personnel costs	₱21,285,540	₱17,155,866	₱14,332,014
Travel and transportation	6,932,529	4,108,080	6,162,977
Depreciation and amortization (Note 11)	3,767,906	2,815,068	2,417,031
Property management expense	3,468,033	15,056,283	—
Professional fees	3,457,550	4,841,573	4,539,331
Taxes and licenses	3,436,845	2,377,972	4,800,610
Research and development expenses	3,435,115	4,472,601	3,237,382
Short-term lease (Note 26)	2,343,169	—	—
Outside services	2,129,431	1,558,801	2,049,722
Exploration cost	1,127,290	356,745	—
Telecommunications and postage	1,125,538	1,328,307	1,085,619
Dues and subscription	938,764	788,870	790,151
Repairs and maintenance	933,091	635,758	613,383
Supplies	699,083	618,274	792,439
Utilities	530,623	570,381	451,135
Entertainment and representation	195,002	221,139	186,617
Trainings and seminars	188,343	206,350	219,595
Insurance	56,061	60,437	53,957
Rent (Note 26)	—	2,274,246	2,221,036
Interest, penalties and charges	—	—	5,100,832
Others	2,075,372	1,637,277	1,749,121
	₱58,125,285	₱61,084,028	₱50,802,952

Others include bank charges and other miscellaneous costs.

Personnel costs consist of:

	2019	2018	2017
Salaries and wages	₱18,541,831	₱14,683,750	₱12,355,838
Short term employee benefits	2,070,526	1,814,655	1,432,438
Retirement benefits cost (Note 17)	673,183	657,461	543,738
	₱21,285,540	₱17,155,866	₱14,332,014

15. Sales and Marketing Expenses

	2019	2018	2017
Commissions and incentives	₱6,158,776	₱10,927,096	₱8,365,312
Product presentation	2,802,579	2,347,192	4,485,533
Consultancy fees	2,475,152	8,141,387	7,268,606
Advertising	978,721	1,868,652	805,368
Utilities	579,224	656,716	793,392
Depreciation and amortization (Note 11)	171,417	57,140	5,035
Travel and transportation	148,598	218,322	237,899
Telecommunications and postage	7,674	67,206	334,330
Rent (Note 26)	—	49,424	121,251
Others	107,334	178,429	38,934
	₱13,429,475	₱24,511,564	₱22,455,660



Others include expenses from meetings, janitorial fees and other expenses directly attributable to sales and marketing.

16. Other Income - Net

	2019	2018	2017
Forfeited buyer deposits	P7,811,274	P3,708,245	P7,312,900
Penalty income and late payment charges	613,748	1,028,533	477,394
Gain on repossession	464,520	1,147,589	4,170,772
Write-off of other assets	—	(3,150,911)	(7,473,163)
Others - net	(8,158,291)	5,603,125	900,261
	P731,251	P8,336,581	P5,388,164

- 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.
- Gain on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR and any amount refundable to the buyer at the date of repossession.
- Others pertain to the reversal of long outstanding payables in 2018 and 2017 as the Group assessed that these will no longer be collected by the suppliers and settlement of prior year VAT assessment in 2019, among others.

17. Retirement Benefit Obligation

The Group has an unfunded, noncontributory defined benefit retirement plan which covers all of its regular employees. RA 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 cost recognized in the consolidated statements of comprehensive income are as follows:

	2019	2018	2017
Current service cost	P344,914	P435,961	P380,962
Interest cost	328,269	221,500	162,776
	P673,183	P657,461	P543,738

Amounts recognized in other comprehensive income pertaining to remeasurement gains (losses) amounted to (P827,679), P1,171,399 and (P29,453), in 2019, 2018 and 2017, respectively.



Movement in the actuarial gains on defined benefit plan is as follows:

	2019	2018	2017
Balances at beginning of year	₱1,229,821	₱348,621	₱383,857
Actuarial gains (losses) during the year	(754,123)	881,200	(35,236)
Balances at end of year	₱475,698	₱1,229,821	₱348,621

Changes in the present value of the retirement benefit obligation are as follows:

	2019	2018
Beginning	₱4,281,472	₱4,795,410
Current service cost	344,914	435,961
Interest cost	328,269	221,500
Actuarial loss (gain) due to:		
Experience adjustments	316,173	(479,471)
Change in demographic assumptions	—	195,069
Change in assumptions	511,506	(886,997)
Ending	₱5,782,334	₱4,281,472

The principal assumptions as of used to determine retirement benefit obligations for the plan are shown below:

	2019	2018
Discount rate	4.50%-4.84%	7.00%-7.31%
Future salary increase	3.00%-5.00%	3.00%-5.00%

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

December 31, 2019:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱801,789)
	(100 bps)	1,043,532
Future salary increase rate	100 bps	1,046,826
	(100 bps)	(800,242)

December 31, 2018:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(₱111,985)
	(100 bps)	128,027
Future salary increase rate	100 bps	133,309
	(100 bps)	(118,122)

The estimated weighted average duration of benefit payment is 17 years and 18 years as of December 31, 2019 and 2018, respectively.



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

	2019	2018
Less than one year	P5,095,201	P3,615,068
More than one year to 10 years	1,521,946	719,370
More than 10 years to 30 years	11,044,292	11,560,798

18. Income Taxes

- a. The Parent Company has no provision for current income tax in 2019, 2018 and 2017. The Subsidiary's current provision for income tax represents RCIT in 2019 and MCIT in 2018 and 2017.
- b. Major components of income tax expense for the respective years are:

	2019	2018	2017
Profit for the financial year:			
Current income tax	P8,351,465	P243,118	P1,276,648
Deferred income tax	(9,029,403)	5,007,133	2,168,161
	(221,226)	5,250,251	3,444,809
Under provision in prior years			
Current income tax	228,356	—	—
Provision for income tax	(P449,582)	P5,250,251	P3,444,809

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for (benefit from) income tax shown in the consolidated statements of comprehensive income follows:

	2019	2018	2017
Provision for (benefit from) income tax computed at statutory tax rate	(P861,066)	P3,926,011	(P6,845,899)
Additions to (reductions in) income tax resulting from:			
Interest income subjected to final tax	(5,655,910)	(3,357,676)	(1,502,417)
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	4,118,162	3,854,257	6,496,413
Nondeductible expenses	1,836,762	978,066	5,479,081
Nontaxable income	(115,886)	(150,407)	(182,369)
Current tax of prior periods	228,356	—	—
Provision for (benefit from) income tax	(P449,582)	P5,250,251	P3,444,809



The components of the Group net deferred income tax assets (liabilities) are as follows:

	2019	2018
Deferred income taxes recognized in profit or loss		
Deferred income tax assets:		
Difference between tax and book basis of accounting for real estate transactions	P7,744,910	P–
Retirement benefit obligation	167,531	404,059
NOLCO	–	289,775
	7,912,441	693,834
Deferred income tax liabilities:		
Gain on repossession	(6,354,314)	(6,214,958)
Difference between tax and book basis of accounting for real estate transactions	–	(1,364,395)
Unrealized foreign exchange gain	–	(289,775)
	(6,354,314)	(7,869,128)
	1,558,127	(7,175,294)
Deferred income tax liabilities recognized in other comprehensive income:		
Fair value changes of equity investments at FVTOCI	(3,498,750)	(3,498,750)
Actuarial gains on defined benefit plan	73,556	(295,982)
	(3,425,194)	(3,794,732)
	(P1,867,067)	(P10,970,026)

- c. The Group's deductible temporary differences, carryforward benefits of NOLCO for which no deferred income tax assets were recognized consists of the following:

	2019		2018	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P36,838,931	P11,051,679	P33,611,173	P10,083,352
Pension liability	4,978,711	1,493,613	3,921,215	1,176,365
Unrealized foreign exchange loss	241,472	72,442	–	–
Allowance for impairment losses on financial assets at FVTOCI	–	–	7,263	2,179
	P42,059,114	P12,617,734	P37,539,651	P11,261,896

- d. Unused NOLCO that can be claimed as deduction against future taxable income and RCIT due, respectively, follows:

NOLCO

Year Incurred	Balance as of December 31, 2018	Addition	Expiration/ Utilization	Balance as of December 31, 2019	Tax effect	Available Until
2016	P10,748,890	P–	P10,748,890	P–	P–	2019
2017	10,989,125	–	–	10,989,125	3,296,738	2020
2018	12,839,075	–	–	12,839,075	3,851,722	2021
2019	–	13,010,731	–	13,010,731	3,903,219	2022
	P34,577,090	P13,010,731	P10,748,890	P36,838,931	P11,051,679	



19. Related Party Disclosures

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group 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.

In the normal course of business, the Group has significant related party transactions as follows:

	Amount/volume		Outstanding balance		Terms	Conditions
	2019	2018	2019	2018		
<i>Affiliate</i>						
South China Petroleum International (SCPI)						
Due from a related party	P12,684	P39,084	P243,387	P230,703	Due and demandable	Unsecured; No impairment

SCPI is a corporation established to prospect for, explore, extract, dig and drill for, exploit, produce, purchase, or otherwise obtain from the earth, any and all kinds of petroleum and petroleum products, rocks or carbon oils, natural gas and other volatile materials, chemical substance and salts, precious and base metals, diatomaceous earth as well as other minerals of whatever nature whether similar or dissimilar to those listed herein, and to manufacture, refine, prepare for market, buy, sell, import, export and transport and otherwise deal in petroleum and other minerals of whatever nature, whether similar or dissimilar thereto, their products, compounds and derivatives and other mineral and chemical substances in crude or refined condition, and to generally engage, as may be permitted by law, in the business of, and/or investing in mining, manufacturing, contracting and servicing, in addition to oil exploration. Receivable from SCPI pertains to the amount paid for SCPI's business permit and registration.

Compensation of key management personnel is as follows:

	2019	2018	2017
Salaries and short-term benefits	P10,413,222	P8,211,912	P6,042,105
Retirement benefits	155,212	264,544	203,630
	P10,568,434	P8,476,456	P6,245,735



20. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of December 31, 2019 and 2018 are as follows:

	2019		2018	
	No. of Shares	Amount	No. of Shares	Amount
<i>Authorized - P1 par value</i>	1,000,000,000	P1,000,000,000	1,000,000,000	P1,000,000,000
<i>Issued</i>				
Beginning of year	600,559,569	P600,559,569	600,559,569	P600,559,569
Issuance	830,000	830,000	—	—
End of year	601,389,569	P601,389,569	600,559,569	P600,559,569
<i>Subscribed</i>				
Beginning of year	306,000,000	P306,000,000	306,000,000	P306,000,000
Issuance	(830,000)	(830,000)	—	—
Subscription receivable	(228,877,500)	(228,877,500)	(229,500,000)	(229,500,000)
End of year	76,292,500	P76,292,500	76,500,000	P76,500,000
Treasury - at cost	(4,639,000)	(P4,961,650)	(4,639,000)	(P4,961,650)

The Parent Company was registered on September 25, 1992 with authorized capital stock amounting to P1.0 billion composed of one billion shares with par value P1.0 per share.

The Parent company has 359 and 361 shareholders as at December 31, 2019 and 2018, respectively.

b. Retained Earnings

On December 8, 2016, the BOD approved a resolution earmarking P600.0 million and P145.0 million of the Parent Company's retained earnings for purposes of funding its investments related to SOC Land's Althea and Azalea projects with a target completion in 2021 and the Parent Company's agricultural projects from 2020 to 2025, respectively.

Retained earnings that are not available for dividend declaration are as follows:

	2019	2018	2017
Restricted for treasury shares	P4,961,650	P4,961,650	P4,961,650
Recognized deferred income tax assets	—	289,775	191,432
	P4,961,650	P5,251,425	P5,153,082

21. Basic/Diluted Earnings (Loss) Per Share

	2019	2018	2017
Net income (loss)	(P2,420,641)	P7,836,453	(P26,264,471)
Weighted average number of shares	601,182,069	600,559,569	600,559,569
Basic/Diluted Earnings (Loss) per Share	(P0.0040)	P0.0130	(P0.0437)

There are no dilutive potential common shares outstanding as of December 31, 2019, 2018 and 2017.



22. Revenue from Contracts with Customers

a. Disaggregated Revenue Information

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

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

Segments	For the year ended December 31, 2019			
	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	P5,575,000	P112,582,130

Segments	For the year ended December 31, 2018			
	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 Group'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 Group 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 of 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	₱129,096,963	₱81,787,361
Contract liabilities - noncurrent	50,384,702	16,055,108
	₱179,481,665	₱97,842,469

As at December 31, 2019, contract liabilities amounting to ₱129.10 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2018 amounting to ₱81.79 million were recognized as revenue in 2019.

c. Performance obligations (PO)

The following are the PO of the Group:

(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 Group 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 Group expects the revenue recognition to occur over time when satisfying the criterion of which the Group's performance does not create an asset with an alternative use and the Group 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.

23. Financial Instruments

Financial Risk Management Objectives and Policies

The Group has various financial assets and liabilities such as cash and cash equivalents, receivables, due from related parties, refundable deposits, AFS financial assets/equity investments at FVTOCI. The main purpose of the Group's financial instruments is to finance its operations. The Group has other financial instruments such as accounts payable and other liabilities which arise directly from its operations.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and manage the Group'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 Group's activities.



The Group has exposure to credit risk, liquidity risk, equity price risk and foreign exchange 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 Group to incur a financial loss.

The Group 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 Group. 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 Group'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 Group'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 reduced by the expected fair value of the repossessed collaterals upon default. 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 Group 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 Group'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 Group 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 Group 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 Group 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 Group's credit risk experience, expected credit loss rate increases as the age of the receivables increase.

The Group 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 Group experienced minimal default occurrences in the past. In addition, the Group expects to recover the defaulted accounts through subsequent disposal of repossessed inventories at an amount higher than the contractual cash flows due and defaulted.

The application of the ECL model does not have significant impact on the Group's allowance for credit losses as of December 31, 2019. No provision for credit losses in 2019 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*	P557,414,295	P—	P—	P—	P557,414,295
Receivables	—	—	—	30,728,934	30,728,934
Contract assets	—	—	—	71,053,340	71,053,340
Due from a related party	243,387	—	—	—	243,387
Refundable deposits	3,237,784	—	—	—	3,237,784
	P560,895,466	P—	P—	P101,782,274	P662,677,740

*Excludes cash on hand.

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*	P455,470,476	P—	P—	P—	P455,470,476
Receivables	—	—	—	39,388,443	39,388,443
Contract assets	—	—	—	59,457,026	59,457,026
Due from a related party	230,703	—	—	—	230,703
Refundable deposits	3,195,444	—	—	—	3,195,444
	P458,896,623	P—	P—	P98,845,469	P557,742,092

*Excludes cash on hand.



Set out below is the information about credit risk exposure on the Group'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	P94,089,519	P-	P-	P-	P7,692,755	P101,782,274
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	P-	P-	P-	P-	P-	P-

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	P75,570,048	P6,192,916	P492,060	P274,608	P16,315,837	P98,845,469
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected credit loss	P-	P-	P-	P-	P-	P-

Liquidity Risk

Liquidity risk is the risk that the Group 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 Group 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 Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and the Group'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	P51,341,003	P506,121,195	P-	P-	P557,462,198
Receivables*	7,692,755	3,958,593	19,077,586	-	30,728,934
Contract assets	22,319,162	6,153,117	18,459,351	24,121,710	71,053,340
Due from a related party	243,387	-	-	-	243,387
Refundable deposits	3,237,784	-	-	-	3,237,784
Equity instruments at FVTOCI:					
Golf club shares	-	-	-	35,250,000	35,250,000
Shares of stock	-	-	-	7,958,458	7,958,458
	84,834,091	516,232,905	37,536,937	67,330,168	705,934,101

(Forward)



	On Demand	Less than 3 Months	3 to 12 Months	More than 1 year	Total
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	₱19,663,371	₱37,905,309	₱1,261,078	₱-	₱58,829,758
Liquidity position (gap)	₱65,170,720	₱478,327,596	₱36,275,859	₱67,330,168	₱647,104,343

*Excluding advances to suppliers and contractors

**Excluding government payables and customers' deposits and unearned income

December 31, 2018

	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	₱39,035,047	₱416,597,192	₱-	₱-	₱455,632,239
Receivables*	13,345,453	6,934,118	19,108,872	-	39,388,443
Contract assets	-	6,686,101	20,058,304	32,712,621	59,457,026
Due from a related party	230,703	-	-	-	230,703
Refundable deposits	3,195,444	-	-	-	3,195,444
Equity instruments at FVTOCI:					
Golf club shares	-	-	-	35,250,000	35,250,000
Shares of stock	-	-	-	17,040,036	17,040,036
	55,806,647	430,217,411	39,167,176	85,002,657	610,193,891
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities**	861,630	49,225,419	-	-	50,087,049
Liquidity position	₱54,945,017	₱380,991,992	₱39,167,176	₱85,002,657	₱560,106,842

*Excluding advances to suppliers and contractors

**Excluding government payables and customers' deposits and unearned income

Equity Price Risk

Equity price risk is the likelihood that the fair values of equities decrease as a result of changes in the levels of the equity indices and the values of individual stocks. The equity price risk exposure arises from the Group's equity investments at FVTOCI. The Group measures the sensitivity of its domestic AFS financial assets by using stock market index fluctuations and its effect to respective share prices.

The Group measures the sensitivity of its domestic equity investments at FVTOCI by using stock market index fluctuations and its effect to respective share prices.

In 2019 and 2018, changes in fair value of equity instruments held as equity investments at FVTOCI due to a reasonably possible change in equity interest, with all other variables held constant, will increase other comprehensive income by ₱4.3 million and ₱5.2 million, respectively, if equity prices will increase by 10%. An equal change in the opposite direction would have decreased equity by the same amount.

Foreign Currency Risk

Foreign currency risk is the risk where the value of the Group's financial instrument diminishes due to changes in foreign exchange rates. The Group's foreign currency risk relates to its US\$-denominated cash. The Group seeks to mitigate the effect of its currency exposure by matching the level of return on investment with the magnitude of foreign exchange fluctuation. Management closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risks associated with the financial instruments. The Group currently does not enter into derivative transactions to hedge its currency exposure.



The Group recognized foreign exchange loss of ₱0.24 million in 2019, and foreign exchange gain of ₱0.33 million and ₱0.03 million for the years ended December 31, 2018 and 2017, respectively. The exchange rate of Peso to US\$ as of December 31, 2019, 2018 and 2017 used in translating the US\$-denominated financial instruments is ₱50.64, ₱52.58 and ₱49.93, respectively.

The following table demonstrates the impact on the Group's net loss before income tax of reasonably possible changes in the US\$ (all other variables held constant). There is no other impact on the Group's equity other than those already affecting profit or loss as follows:

2019		2018	
Movement in US\$ rates	Effect on net loss	Movement in US\$ rates	Effect on net income
+4%	(₱232,788)	+5%	₱326,042
-4%	232,788	-5%	(326,042)

Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such value.

Cash and Cash Equivalents, Due from a Related Party, Refundable Deposits and Accounts Payable and Other Liabilities

The carrying amounts of cash and cash equivalents, due from related parties, refundable deposits and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Receivables

Fair value is based on the present value of expected future cash flows using the applicable discount rates based on current market rates of identical or similar instruments.

Equity Instruments at FVTOCI

Fair value of equity instruments at FVTOCI are based on closing prices, published price and net asset value per unit as of the reporting date.

Fair Value Hierarchy

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; or
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table presents the fair value of the Group's financial instruments:

	2019		2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Equity investments at FVTOCI				
Golf club shares	₱35,250,000	₱35,250,000	₱35,250,000	₱35,250,000
Shares of stock	7,958,458	7,958,458	17,040,036	17,040,036
Installment contract receivables	3,615,169	4,419,977	3,631,778	4,169,043
Total	₱46,823,627	₱47,628,435	₱55,921,814	₱56,459,079



The Group's financial instrument carried at fair value consists of equity shares which has been determined by reference to the price of the most recent transaction at the end of reporting period (Level 1) and golf club shares which has been determined by reference to published price quotation, (Level 2).

As of December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and there were no transfers into and out of Level 3 fair value measurements.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares. No changes were made in the objectives, policies or processes in 2019 and 2018.

The following table pertains to the account balances which the Group considers as its core economic capital:

	2019	2018
Common stock	P601,389,569	P600,559,569
Subscribed common stock - net	76,292,500	76,500,000
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	867,327,823	869,748,464
Treasury stock	(4,961,650)	(4,961,650)
	P1,612,320,382	P1,614,118,523

24. Segment Information

For management purposes, the Group is organized into business units based on its products and services and has two reportable segments, as follows:

- The real estate development segment, which is engaged in the real estate business.
- Investment pertain to the activities of the Parent Company as a holding entity.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating income or loss in the consolidated financial statements. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group's Chief Operating Decision Maker.

The following tables regarding business segments present assets and liabilities, revenue and profit information for each of the three years in the period ended December 31, 2019.



December 31, 2019

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P112,582,130	P–	P–	P–	P112,582,130
Income (loss) before income tax	(5,056,374)	1,957,795	(3,098,579)	–	(3,098,579)
Benefit from income tax	(677,938)	–	(677,938)	–	(677,938)
Net loss	(P4,378,436)	P1,957,795	(P2,420,641)	P–	(P2,420,641)
Assets					
Segment assets	P1,298,921,552	P1,478,949,120	P2,777,870,672	(P905,200,241)	P1,872,670,431
Investments	–	322,298,000	322,298,000	(322,298,000)	–
	P1,298,921,552	P1,801,247,120	P3,100,168,672	(P1,227,498,241)	P1,872,670,431
Other segment information					
Segment liabilities	P1,143,109,395	P8,041,424	P1,151,150,819	(P905,200,241)	P245,950,578
Depreciation and amortization	3,236,852	702,471	3,939,323	–	3,939,323
Interest income	4,853,320	18,278,993	23,132,313	–	23,132,313

December 31, 2018

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P137,575,939	P–	P–	P–	P137,575,939
Income (loss) before income tax	18,767,443	(5,680,739)	13,086,704	–	13,086,704
Provision for income tax	5,250,251	–	5,250,251	–	5,250,251
Net loss	P13,517,192	(P5,680,739)	P7,836,453	P–	P7,836,453
Assets					
Segment assets	P1,316,917,478	P1,484,948,143	P2,801,865,621	(P1,001,200,241)	P1,800,665,380
Investments	–	322,298,000	322,298,000	(322,298,000)	–
	P1,316,917,478	P1,807,246,143	P3,124,163,621	(P1,323,498,241)	P1,800,665,380
Other segment information					
Segment liabilities	P1,156,555,253	P8,318,910	P1,164,874,163	(P1,001,200,241)	P163,673,922
Depreciation and amortization	2,284,640	587,568	2,872,208	–	2,872,208
Interest income	7,731,902	9,924,646	17,656,548	–	17,656,548

December 31, 2017

	Real Estate Development	Investment	Consolidated	Eliminations	Total
Segment results					
Revenue from real estate sales	P64,931,959	P–	P–	P–	P64,931,959
Loss before income tax	(14,440,921)	(8,378,741)	(22,819,662)	–	(22,819,662)
Provision for income tax	3,444,809	–	3,444,809	–	3,444,809
Net loss	(P17,885,730)	(P8,378,741)	(P26,264,471)	P–	(P26,264,471)
Assets					
Segment assets	P1,481,505,794	P1,387,093,361	P2,868,599,155	(P1,110,528,901)	P1,758,070,254
Investments	–	322,298,000	322,298,000	(322,298,000)	–
	P1,481,505,794	P1,709,391,361	P3,190,897,155	(P1,432,826,901)	P1,758,070,254
Other segment information					
Segment liabilities	P1,240,925,460	P6,699,327	P1,247,624,787	(P1,110,528,901)	P137,095,886
Depreciation and amortization	2,291,245	130,821	2,422,066	–	2,422,066
Interest income	7,908,897	4,987,979	12,896,876	–	12,896,876



25. Registration with the BOI

As disclosed in Note 1, SOC Land's current project is the Anuva Residences. The Project has been divided into two development phases with Phase 1 comprising of Tandem Buildings 1 and 2 and Phase 2 comprising of the other two buildings.

On September 2, 2011, Phase 1 project was duly registered with the 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, SOC Land is entitled to an 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, SOC Land 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. The compliance with the socialized housing requirement shall be completed within the ITH entitlement period of SOC Land.

On August 14, 2014, the Subsidiary has opted to surrender the original copy of the Certificate of Registration no. 2011-193 issued to the Subsidiary as New Developer of Low-Cost Mass Housing Project which cancelled the Subsidiary's entitlement to an ITH for three years.

26. Contracts and Commitments

The Group has the following significant commitments and agreements:

Construction Agreements and Purchase Commitments

The Group entered into various construction-related contracts for the Anala and Althea Project. 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 Group 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 13). These are expected to be settled in 2020.

Lease Agreements

- a. In 2012, the Parent Company entered into a renewable lease contract with Haldane Investment NV, duly represented by E. Zobel, Inc. for the lease of the 4/F Unit of Enzo Building, located at No. 399 Gil J. Puyat Avenue, Makati City. The contract is for a term of eight months commencing on May 1, 2012 and expiring December 31, 2012. The lease is renewable every year for a period of 12 months, which is still effective in 2019. In line with the contract, the Parent Company paid a refundable deposit, which is classified under "Prepayments and other current assets" (see Note 8). Minimum lease payments within a year under this contract is ₱0.2 million.
- b. On June 16, 2015, the Subsidiary 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 Subsidiary renewed the lease for another year.

- c. The Group paid security deposit amounting to ₱0.3 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 ₱1.7 million.
- d. The Group also entered into a lease contract with a third-party contractor to provide service vehicle to Company officers. The contract is renewable every six months. Minimum lease payments within one year amounted to ₱0.7 million.

The Group recognized short-term lease amounted to ₱2.3 million and related rent expense amounted to ₱2.3 million in 2018 and 2017 (see Notes 14 and 15).

27. 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 Group 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 Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.



SOCRESOURCES, INC. AND SUBSIDIARY**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Unappropriated retained earnings, beginning	₱287,374,864
Less: Treasury shares	(4,961,650)
Unappropriated retained earnings, as adjusted to available for dividend declaration, beginning	282,413,214
Net income during the period closed to retained earnings	1,957,795
TOTAL RETAINED EARNINGS, AS ADJUSTED TO AVAILABLE FOR DIVIDEND DECLARATION, END	₱284,371,009



SOCRESOURCES, INC. AND SUBSIDIARY
SUPPLEMENTAL SCHEDULES OF FINANCIAL SOUNDNESS INDICATORS

Ratio	December 31		
	2019	2018	2017
Current	9.19	12.44	12.32
Asset-to-equity	1.16	1.12	1.09
Debt-to-equity	0.15	0.09	0.05
Asset-to-liability	7.57	11.00	12.82
Solvency	0.01	0.07	(0.17)
Interest rate coverage	—	—	—
Acid-test ratio	3.13	3.78	3.16
Return on equity (%)	(0.15%)	0.48%	(1.62%)
Basic/Diluted earnings per share	(₱0.0040)	₱0.0130	(₱0.0437)

Manner of Calculation:

Current ratio	=	Total Current Assets / Total Current Liabilities
Asset-to-equity ratio	=	$\frac{\text{Total Assets}}{\text{Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)}}$
Debt-to-equity ratio	=	$\frac{\text{Accounts payable and other liabilities} + \text{Contract liabilities}}{\text{Total equity (net of net changes in fair value of financial assets at fair value through other comprehensive income and accumulated re-measurement on defined benefit plan)}}$
Asset-to-liability ratio	=	Total Assets / Total Liabilities
Solvency ratio	=	$\frac{\text{Net Income after Tax} + \text{Depreciation Expense}}{\text{Total Liabilities}}$
Interest rate coverage ratio	=	$\frac{\text{Net Income Before Tax} + \text{Depreciation Expense} + \text{Interest Expense}}{\text{Interest Expense}}$
Acid-test ratio	=	$\frac{\text{Cash and Cash Equivalents} + \text{Short-term Investments} + \text{Installment Contracts Receivable, current} + \text{Contract Assets, current} + \text{Other Receivables, current}}{\text{Total Current Liabilities}}$
Return on equity ratio	=	$\frac{\text{Net Income after Tax}}{\text{Stockholder's Equity}}$
Basic/Diluted earnings per share	=	$\frac{\text{Net Income after Tax}}{\text{Outstanding shares}}$

