

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2021**

2. SEC Identification Number **ASO92-06441** 3. BIR Tax Identification No. **001-945-016**

4. Exact name of issuer as specified in its charter **SOCResources, Inc.**

5. **Philippines** 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization

7. **4th Floor ENZO Bldg. 399 Senator Gil Puyat Avenue** **1200**
Makati City Postal Code
Address of principal office

8. **(632) 8804-1977 / 8804-1978**
Issuer's telephone number, including area code

9. **SOUTH CHINA RESOURCES, INC./ ENZO Bldg. Senator Gil Puyat Avenue**
Makati City
Former name, former address and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	901,920,568

11. Are any or all of these securities listed on a Stock Exchange?

Yes [**X**] No []

If yes, state the name of such stock exchange and the class/es of securities listed therein:

Name of Stock Exchange
Philippine Stock Exchange

Class of Securities listed
Common Shares

12. Check whether the issuer:

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

Yes [**X**] No []

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

Yes [**X**] No []

PART 1 – FINANCIAL INFORMATION

Item 1: Financial Statements

Financial Report

- a) The accompanying interim financial statements are prepared in accordance with the Philippine Financial Reporting Standards (PFRS).
- b) There were no changes made in the accounting policies and methods of computation as compared with the last annual financial statements.
- c) Quarterly financial statements are prepared for the interim operations for the updated information of the stockholders and basis for the decision making of the management.
- d) For this interim period, the Company has no unusual transactions or had encountered events that affect materially its assets, liabilities, equity, net income or cash flows.
- e) The Company did not report in its financial statements any estimates of amount of a given transactions for this interim period and in prior interim periods.
- f) There were no issuances, repurchases, and repayments of debt securities for this interim period.
- g) There are no changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
- h) The Company has no contingent assets or liabilities since the last annual balance sheet date.

Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS

The Securities and Exchange Commission (SEC), on October 30, 2003, approved the amendment of the Company's Articles of Incorporation to change the primary purpose thereof to that of a holding company and to include its then primary purpose of oil exploration as among the secondary purposes of the Company.

On April 25, 2014, the Board of Directors approved the amendment in the Articles of Incorporation to change the name of South China Resources, Inc. to SOCResources, Inc. (SOC). The change was approved by the Philippine SEC on September 04, 2014.

SOC was incorporated and registered with the SEC on September 25, 1992 primarily to undertake oil and gas exploration, development and production and became one of the leading exploration companies upon its listing in 1994. Starting in 1995, SOC opted to strengthen its core business by diversifying into other investments. After two decades, the company has now turned out to be one of the strongest holding companies in the market having had investments in real estate, steel fabrication, banking, telecommunications and energy exploration.

The diversification process, brought on by the financial crisis of the 90's, and honed through the years, allowed SOC to invest in technology based and long-term ventures. This gave the company the means to weather the lows of the period.

In response to the growing need for affordable housing for Filipinos, SOC followed on through the real estate business by acquiring on May 26, 2010 a 2.4-hectare plot in Buli, Muntinlupa strategically located along the South Luzon Expressway. It formed SOC Land Development Corporation (SOC Land), a wholly owned subsidiary, that put up quality homes at affordable prices SOC Land Development Corporation (SOC Land) is a wholly-owned subsidiary of the issuer with an authorized capital stock of One Hundred Sixty Million Pesos (PHP 160,000,000.00), a subscribed capital stock of Forty Million Pesos (PHP 40,000,000.00) and a paid-up capital of Ten Million Pesos (PHP 10,000,000.00). The subsidiary is the property development arm of the company, that is developing a 2.4-hectare community, called Anuva Residences (the

Project), situated near Sucat Interchange. It will have four (4) tandem buildings. The total estimated cost of the Project is ₱4.0 billion

The first tandem building of ANUVA RESIDENCES, the “ANALA”, projects a Fun Zone image showcasing the Wet and Dry Play Area for children. There are 533 units of which 503 have been sold of December 2020 corresponding to 94.37% of the total inventory. 479 units have been turned over to end users.

Amenities facing Anala including the wading pool, children’s playground, al fresco area, cascading water, pond and Trellis Park have been finished as of end 2016 for the residents’ use and enjoyment as well as the parking slots in the lower ground floor for the residents to use.

The second tandem building known as AZALEA is currently in a preselling stage focusing on the Green Urban Living image with amenities like the reflecting pool, adult and kiddie pool, cascades, picnic groves, clubhouse, garden party and BBQ area. Azalea has sold 369 of its 618 units that correspond to 59.71% of the total inventory. Construction is set to commence on the second quarter of 2021 for turnover and deliver in late 2023.

SOC Land’s horizontal residential development, ALTHEA RESIDENCES is situated in Brgy. Zapote, Biñan City, Laguna and featuring modern homes with tranquil vibe spread in 4.3 hectares of land. Althea Residences offers a total of 228 lots, house & lots and townhouse packages. The subsequent expansion into Phase 2 of ALTHEA RESIDENCES targeting the middle-income market segment was launched in 2020 covering an area of 2.2 hectares and offering an additional one hundred thirty-two house and lot packages of which forty-five have been sold.

SOC has identified other areas for potential investment. To address a growing population, now estimated at 100 million Filipinos and increasing every year, SOC looks at food production. The Company believes that a rising population coupled with rising incomes will drive greater food consumption. Opportunities have been identified to get in this value chain to grow a long-term business that will allow expansion laterally and vertically.

The Company entered into an agreement with the Palawan IP group Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) handed over to the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. The PCSD in 2018 issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are still securing documentation for an ECC for the project.

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide.

The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs.

While the Company waits for the Palawan project to start, it has acquired green coffee beans from select farms located in Mindanao. It expects to launch a coffee product line under the Blue Moon trademark issued by the IPO (Intellectual Property Office) in May 2019 under SOCBluemoon registered in Nov 19, 2020.

The Company continues to review potential energy resources as it explores entry into opportunities in other conventional and renewable energy resources.

The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of application fees last August 5, 2020. The application is undergoing evaluation by MGB Region VII office.

The global situation in recent years presents opportunities for the Company to seek entry into the mineral resource based sector.

Principal products or services and their distribution; competition in the industry; sourcing of raw materials and principal suppliers; dependence on one or few customers; transactions with and/or related parties; and patents, trademarks, licenses, franchises, concessions, royalty agreement, or labor contracts are not applicable with the registrant at this time.

The Company’s subsidiary is SOC Land Development Corporation as of March 31, 2021.

The Company does not expect any significant changes in its number of employees. Presently, the Company has a total of six (6) officers and employees, all working full-time, one (1) Chairman, one (1) Vice-President for Operations, one (1) Vice-President for Finance, one (1) Accounting Manager, one (1) Accounting Assistant and one (1) Messenger. The Company has no Collective Bargaining Agreements (CBA).

CONSOLIDATED RESULTS OF OPERATIONS

Financial Highlights

(In PHP)

FOR THE PERIOD ENDED MARCH 31, 2021 & MARCH 30, 2020

ACCOUNTS	March 31, 2021	March 31, 2020	% CHANGE
REVENUES	47,679,245	8,457,251	463.77%
COST AND EXPENSES	39,030,442	15,818,259	146.74%
INCOME (LOSS) BEFORE INCOME TAX	8,648,803	(7,361,008)	217.49%
PROVISION FOR INCOME TAX	-	-	-100.00%
NET INCOME/(LOSS)	8,648,803	(7,361,008)	217.49%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	(1,067,552)	(2,016,702)	47.06%
TOTAL COMPREHENSIVE INCOME/(LOSS)	7,581,251	(9,377,710)	180.84%

2021 VS 2020: RESULTS OF OPERATIONS

The Company registered a net income of P 9.77 million for the first quarter 2021 a turn-around of 217% from last year's net loss of P8.37 million. Sales for the year is up by 426% to P46.30 million from same period last year of P8.81 million. Recognized sales for the year accounted for as follows: Anala amounting to P19.77 million, Althea amounting to P25.98 million and Anala Parking of P.55 million. Corresponding costs of sale for Anala, Althea and Anala Parking is P13.20 million, P12.04 million and P.56 million, respectively. Other income on the other hand increased by P106.79% from (P3.70) million to P.251 million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses.

The parent, SOCResources, Inc. earned an interest income of ₱1.06M from investment in time deposits and savings. 45% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱4.5M, 11% of CG&A are travel and transportation amounting to ₱1.04M and 7% of CG&A pertains to Rent and Utilities amounting to ₱0.7M. Bulk of the sales and marketing expenses pertains to Sales Commission of ₱2.50M.

FOR THE PERIOD ENDED MARCH 31, 2020 & MARCH 30, 2019

ACCOUNTS	March 31, 2020	March 31, 2019	% CHANGE
REVENUES	8,457,251	22,066,914	-61.67%
COST AND EXPENSES	15,818,259	24,945,404	-36.59%
INCOME (LOSS) BEFORE INCOME TAX	(7,361,008)	(2,878,490)	-155.72%
PROVISION FOR INCOME TAX	-	-	-100.00%
NET INCOME/(LOSS)	(7,361,008)	(2,878,490)	-155.72%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	(2,016,702)	(2,555,541)	21.09%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(9,377,710)	(5,434,031)	-72.57%

2020 VS 2019: RESULTS OF OPERATIONS

The subsidiary SOCLand's project Anala recognized sales for the first quarter of 2020 amounted to P4.3M and P6.08M for 2018. Althea sales recognized for the same period of 2020 amounted to 4.51 million and P8.19 million recognized for 2018. . Other income on the other hand dropped by P309.92% from P1.76 million to (P3.70) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses. . General and administrative expense increased by 9.17% from P7.09 million in 2019 to P7.74 million in 2020. The selling and marketing expense dropped by 84.24% from P5.31 million to P.84 million in 2020 due to reclassification of commission payments for unit not recognized as sales to Other Assets.

The parent, SOCResources, Inc. earned an interest income of ₱3.34M from investment in time deposits and savings. 38.50% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱3.88M, 11.82% of CG&A are travel and transportation amounting to ₱1.19M and 11.78% of CG&A pertains to Taxes & Licenses amounting to ₱1.19M. Bulk of the sales and marketing expenses pertains to Consultancy Fees of ₱0.40M.

FOR THE PERIOD ENDED MARCH 31, 2019 & MARCH 30, 2018

ACCOUNTS	March 31, 2019	March 31, 2018	% CHANGE
REVENUES	22,066,914	46,068,962	-52.10%
COST AND EXPENSES	24,945,404	36,291,628	-31.26%
INCOME (LOSS) BEFORE INCOME TAX	(2,878,490)	9,777,334	-129.44%
PROVISION FOR INCOME TAX			-100.00%
NET INCOME/(LOSS)	(2,878,490)	9,777,334	-129.44%
UNREALIZED VALUATION GAINS ON EQUITY at FVTOCI	(2,555,541)	22,279	-11570.63%
TOTAL COMPREHENSIVE INCOME/(LOSS)	(5,434,031)	9,799,613	-155.45%

2019 VS 2018: RESULTS OF OPERATIONS

The subsidiary SOCLand's project Anala recognized sales for the first quarter of 2019 amounted to P6.08M and P5.4M for 2018. Althea sales recognized for the same period of 2019 amounts to 8.19 million and P36.7 million recognized for 2018. The sales recognized for Anala parking for the same period in 2019 amounts to P1.0 million while nil was recognized in 2018. Other income decreased by 6.46% from P1.9 million in March 2018 to P1.7 million for the same period in 2019. These consist of late payment penalties, forfeited payments, interest earned on in-house financing. General and administrative expense dropped by 2.38% from P7.26 million in 2018 to P7.08 million in 2019. The selling and marketing expense also dropped by 13.54% from P6.14 million in March of 2018 to P5.31 million in 2019 more efficient policies implemented on commissions and incentives.

The parent, SOCResources, Inc. earned an interest income of ₱5.04M from investment in time deposits and savings. 38.52% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱4.13M, 11.62% of CG&A are travel and transportation amounting to ₱1.25M and 9.97% of CG&A pertains to exploration cost amounting to ₱1.07M. Bulk of the sales and marketing expenses pertains to Sales Commission of ₱3.8M.

CONSOLIDATED FINANCIAL POSITION

Financial Highlights (in PHP)

FOR THE PERIOD ENDED MARCH 31, 2021 & MARCH 31, 2020:

ACCOUNTS	March 31, 2021	March 31, 2020	% CHANGE
CURRENT ASSETS	1,826,678,316	1,739,257,477	5.03%
NONCURRENT ASSETS	121,272,323	131,624,218	-7.86%
TOTAL ASSETS	1,947,950,639	1,870,881,695	4.12%
CURRENT LIABILITIES	217,175,621	188,842,994	15.00%
NONCURRENT LIABILITIES	104,968,167	66,058,793	58.90%
TOTAL LIABILITIES	322,143,788	254,901,787	26.38%
EQUITY	1,625,806,851	1,615,979,908	0.61%
TOTAL LIABILITIES AND EQUITY	1,947,950,639	1,870,881,695	4.12%

2021 VS 2020: FINANCIAL CONDITION

SOCLand's Receivable increased by 8.15% brought about by an increase in advances to HDMF on conversion balance of taken out units and advances to employees in the normal course of business. Contract assets rose by 8.55% or P4.67 million due to increase in current receivable from sold units. Real estate inventories dropped by P8.47M brought about by the net effect of the cost of sold units and the payments to Construction Manager for Azalea and Contractor for Land

Development at Althea Phase 2. In the first quarter of the year SOC Land tapped the Construction Management Services of DCCD Engineering Corporation for Azalea Project. Also, awarded Gercel Construction and Development Group, Inc. for the land development of Althea Phase 2. Other non-current assets decreased by 28.44% due to closure of input tax allocable to non-vatable transaction to expense.

Accounts payable and other current liabilities dropped by 2.89% or P1.60 million due to payments of accounts and collection of checks by suppliers and sellers pending as at end 2020. Non-Current Contract liabilities increased by 18.93% from setup of payable for customer's account deposit, processing fee and reservation fee for sales for Azalea, Althea Phase 2 and Villas. The increase in consolidated current assets are also due to earnings from short-term investments and time deposits. Noncurrent liabilities increased due to the reclassification of contract liabilities to noncurrent.

FOR THE PERIOD ENDED MARCH 31, 2020 & MARCH 31, 2019:

ACCOUNTS	March 31, 2020	March 31, 2019	% CHANGE
CURRENT ASSETS	1,739,257,477	1,660,101,669	4.77%
NONCURRENT ASSETS	131,624,218	151,325,437	-13.02%
TOTAL ASSETS	1,870,881,695	1,811,427,106	3.28%
CURRENT LIABILITIES	188,842,994	164,575,640	14.75%
NONCURRENT LIABILITIES	66,058,793	15,251,498	333.13%
TOTAL LIABILITIES	254,901,787	179,827,138	41.75%
EQUITY	1,615,979,908	1,631,599,968	-0.96%
TOTAL LIABILITIES AND EQUITY	1,870,881,695	1,811,427,106	3.28%

2020 VS 2019: FINANCIAL CONDITION

SOC Land's Receivable increased by 3.40% brought about by an increase in unliquidated advances due to lockdown. Contract assets decreased by 19.59% or P4.82 million due to collection of receivables. Other current assets increased by P8.77 million due to advance commissions payment on units not yet recognized as sales, input tax generated from payments to suppliers and creditable taxes on fully paid units. Accounts payable and other current liabilities dropped by 11.13% or P6.59 million due to payments of commissions and collection of checks by suppliers and sellers pending as at end 2019. Current Contract liabilities increased by 5.13% from booked sales for Anala and Althea Phase 1

The increase in consolidated current assets is also due to earnings from short-term investments and time deposits. Noncurrent liabilities increased due to the reclassification of contract liabilities to noncurrent.

CONSOLIDATED FINANCIAL POSITION

Financial Highlights (in PHP)

FOR THE PERIOD ENDED MARCH 31, 2019 & MARCH 31, 2018:

ACCOUNTS	March 31, 2019	March 31, 2018	% CHANGE
CURRENT ASSETS	1,660,101,669	1,599,348,596	3.80%
NONCURRENT ASSETS	151,325,437	168,819,524	-10.36%
TOTAL ASSETS	1,811,427,106	1,768,168,120	2.45%
CURRENT LIABILITIES	164,575,640	130,749,982	25.87%
NONCURRENT LIABILITIES	15,251,498	6,644,160	129.55%
TOTAL LIABILITIES	179,827,138	137,394,142	30.88%
EQUITY	1,631,599,968	1,630,773,978	0.05%
TOTAL LIABILITIES AND EQUITY	1,811,427,106	1,768,168,120	2.45%

2019 VS 2018: FINANCIAL CONDITION

SOCland's receivable decreased by 17.65% brought about by the collection of receivables from Anuva Condominium Corporation in the amount of P5.0 million and increase in other receivables of P0.191 million. Real estate for sale decreased by .49% or P5.19 million due to the decrease in inventory of related sold units for both Anala and Althea units. Other current assets increased by P5.96 million due to creditable taxes remitted on fully paid units, prepayments and input taxes on payments made. Accounts payable and other current liabilities decreased by P.975 million due to increase in output taxes and payments of trade and non-trade accounts. Contract liabilities increased by 18.07% from payments received from monthly amortization from unit buyers under the down payment stage.

The increase in consolidated current assets is also due to earnings from short-term investments and time deposits. Noncurrent liabilities increased due to the recognition of deferred income tax liability .

KEY PERFORMANCE INDICATORS

The following are the major financial ratios of the Company for the period ended March 31, 2021 and March 31, 2020.

Key Financial Ratios	March 31, 2021	March 31, 2020
Revenue Growth		
(Total Revenues (current period) - Total Revenues (prior period))/Total Revenues (prior period)	463.77%	-61.67%
Net income Growth/(Decline)		
Net Income (after tax) (current period)/ Net income (prior period, after tax)	217.49%	155.72%
Solvency Ratio		
(After Tax Net Income+Depreciation)/Total Liabilities	3.07%	-2.57%
EBITDA		
Income from operations plus depreciation and amortization	P 9,894,923	(P6,550,901)
Asset to Equity Ratio		
Total Assets/Total Equity	1.1981 x	1.1577 x
Return on Equity (ROE)		
Net income/ Equity	0.53%	-0.46%
Return on assets (ROA)		
Net income/ Total Assets	0.44%	-0.39%
Current/Liquidity ratio		
Current Assets/ Current Liabilities	8.41 x	9.21 x
Debt to Equity Ratio		
Total Liabilities/ Equity	0.1981 x	0.1577 x

The positive bottomline figures as of quarter ending March 31, 2021, has caused the positive ratios for ROA and ROE. The Company's subsidiary SOCLand recognized a gross Revenue of ₱46M as of 1st quarter ending 2021 as against ₱8.8M in the same quarter last year.

The decrease in real estate inventories and current portion of Receivables as well as the increase in cash and cash equivalents has caused the current ratio from 12.23x to 10.09x for the period March 31, 2019. The asset to equity ratio increased by 0.03X for the quarter ending March 2019 as against the same period prior year mainly due to the increase in the current assets of the group.

The Company has NO earnings yet from commercial production. Therefore, there were NO dividends declared for the period ended March 31, 2021.

There are no material trends, events or uncertainties that are reasonably expected to occur in the next interim period that will have a material favorable or unfavorable impact on the results of the Company's liquidity or sales.

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

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

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

The Company's cash requirement is provided by the management. There is no foreseen increase in funds for the next twelve months however the need should arise, the management will satisfy such cash requirements.

There is no expected purchase or sale of plant and significant equipment in the next twelve months.

For the period ended March 31, 2021, the Company still has no commercial production yet that will enable to support its dividend declaration. It has one wholly owned subsidiary, SOCLand Development Corporation.

The material changes for this year in comparison with the prior year-end based on line items in the comparative financial statements as of March 31, 2021, 2020 and 2019 are summarized as follows:

ACCOUNTS	For the Period March 31			% CHANGE	
In Millions	2021	2020	2019	2021 vs 2020	2020 vs 2019
Statement of Financial Position					
Cash & Cash Equivalents	624.40	554.47	479.99	12.61%	15.52%
Receivables	30.37	15.77	93.12	92.63%	-83.07%
Contract assets	59.34	19.79	19.37	199.87%	2.18%
Real estate inventories	1,053.22	1,057.42	1,061.72	-0.40%	-0.40%
Prepayments & Other Current Assets	59.35	91.55	72.98	-35.17%	25.45%
Equity investments at FVTOCI	42.81	41.19	49.73	3.92%	-17.18%
Property & Equipment	37.01	37.17	35.28	-0.44%	5.38%
Other noncurrent assets	8.75	14.14	18.60	-38.10%	-24.00%
Accounts Payable & other Liabilities	54.13	53.12	66.05	1.90%	-19.58%
Contract liabilities	163.04	135.72	98.52	20.13%	37.76%
Retirement benefit obligation	6.59	5.78	4.28	13.95%	35.05%
Deferred Tax Liabilities	-	1.87	10.97	-100.00%	-82.98%
Retained Earnings - Unappropriated	123.04	114.97	121.89	7.02%	-5.68%
Statement of Comprehensive Income					
REVENUES					
Interest Income	1.06	3.34	5.04	-68.25%	-33.63%
Real estate sales from contract with customers	46.30	8.81	15.27	425.58%	-42.30%
COST AND EXPENSES					
Cost of real estate sales	25.81	4.90	8.90	426.64%	-44.94%
Sales and marketing expenses	3.34	0.84	5.31	299.59%	-84.26%
General and Administrative Expenses	9.88	10.08	10.74	-2.00%	-6.11%
Unrealized valuation gains on equity investments at FVTOC	(1.07)	(2.56)	0.02	58.23%	-11570.63%

Discussion for January - March 2021 vis-à-vis January - March 2020

Cash & Cash Equivalents

Cash and cash equivalents increased as of 1st quarter 2021 as compared to the same period last year due to the maturity of investments in short-term investments and collection of various receivables by SOC Land.

Receivable

Increase was due to reclassification of account.

Prepayments and Other Current Assets

SOC Land's other current assets increased by P5.96 million due to creditable taxes remitted on fully paid units, prepayments and input taxes on payments made.

Equity investments at FVTOCI

Due to the increase in market value of equity holdings.

Property and equipment

Increase was due to the acquisition of equipment for the research phase of the parent's current project.

Accounts Payable and other liabilities

Decrease is due to payments of trade and non-trade accounts.

Retirement Benefit obligation

The group recognized additional amount for the retirement benefit of the employees.

Deferred Tax Liabilities

Pertains to the tax liabilities recognized for the gain in the Parent company's golf shares holdings.

Sale of Real estate

Sales for the year is down by 42.30% to P8.81 million from same period last year of P15.27 million. Recognized sales for the year accounted for as follows: Anala amounting to P4.3 million and Althea amounting to P4.51 million. Corresponding costs of sale for Anala and Althea is P2.66 million and P2.24 million, respectively.

Other Income

Other income on the other hand dropped by P309.92% from P1.76 million to (P3.70) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses

Sales and marketing expense

Bulk of the sales and marketing expenses pertains to Sales Commission of ₱3.8M.

General and Administrative expense

38.50% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱3.88M, 11.82% of CG&A are travel and transportation amounting to ₱1.19M and 11.78% of CG&A pertains to Taxes & Licenses amounting to ₱1.18M.

Discussion for January - March 2020 vis-à-vis January – March 2019

Cash & Cash Equivalents

Cash and cash equivalents increased as of 1st quarter 2020 as compared to the same period last year due to the maturity of investments in short-term investments and collection of various receivables by SOC Land.

Short-term investments

Pertains to investments in government issued securities.

Receivable

Decrease was brought by the collection of receivables from Anuva Condominium Corporation.

Prepayments and Other Current Assets

SOC Land's other current assets increased by P5.96 million due to creditable taxes remitted on fully paid units, prepayments and input taxes on payments made.

Equity investments at FVTOCI

Due to the decrease in market value of equity holdings.

Property and equipment

Increase was due to the acquisition of equipment for the research phase of the parent's current project.

Accounts Payable and other liabilities

Decrease is due to payments of trade and non-trade accounts.

Retirement Benefit obligation

The group recognized additional amount for the retirement benefit of the employees.

Deferred Tax Liabilities

Pertains to the tax liabilities recognized for the gain in the Parent company's golf shares holdings.

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Sales for the year is down by 42.30% to P8.81 million from same period last year of P15.27 million. Recognized sales for the year accounted for as follows: Anala amounting to P4.3 million and Althea amounting to P4.51 million. Corresponding costs of sale for Anala and Althea is P2.66 million and P2.24 million, respectively.

Other Income

Other income on the other hand dropped by P309.92% from P1.76 million to (P3.70) million. These consists of late payment penalties, forfeited payments, interest earned on in-house financing and payment of other expenses

Sales and marketing expense

Bulk of the sales and marketing expenses pertains to Sales Commission of ₱3.8M.

General and Administrative expense

38.50% of the consolidated general and administrative (CG&A) expense pertains to the personnel cost amounting to ₱3.88M, 11.82% of CG&A are travel and transportation amounting to ₱1.19M and 11.78% of CG&A pertains to Taxes & Licenses amounting to ₱1.18M.

Results and Plans of Operation

Real Estate: SOC Land

SOC Land's vertical residential development project, ANUVA RESIDENCES located at Muntinlupa City has completed its first tandem building project known as ANALA. ANALA the first tandem building of ANUVA RESIDENCES project has sold 506 of the 533 units as of March 2021 which corresponds to 94.33% of the total inventory. 483 units have been turned over to end users. Out of this, 467 units are occupied with more than 1,200 people currently residing in the building.

AZALEA the second tandem building of ANUVA RESIDENCES is still in a pre-selling stage which is focusing on the Green Urban Living image. Azalea has sold 412 of its 618 units that correspond to 66.67% of the total inventory.

SOC Land's horizontal residential development project, ALTHEA RESIDENCES located at Biñan City Laguna has sold a total of 221 of 228 units, a combination of townhouses, lots and house & lots that correspond to 96.93% of the total inventory. Eighty-seven (87) units have already constructed, and sixty-two (62) of these have been turned over to end-users. Out of this, fifty-seven (57) units are occupied and already residing in the subdivision. In addition, there are eleven (11) more units being constructed and the target completion will be on the first half of 2021.

ALTHEA RESIDENCES 2, the expansion on the adjoining ALTHEA RESIDENCES was launched in late 2020 with eighty-three (83) out of the one hundred thirty-two (132) house & lot packages (66.94%) already sold. Land development for ALTHEA RESIDENCES 2 is set to commence on the first quarter of 2021 with homes ready for turnover and delivery to buyers starting the first quarter of 2022.

Other Energy, Mineral and Resource Based Opportunities

The Company entered into an agreement with the Palawan ICC (Indigenous Cultural Community) Campong It Mapangarapan It Palawano (CAMPAL) of Rizal, Palawan to undertake agro-industrial development of their ancestral land. The National Commission for Indigenous Peoples (NCIP) awarded the Company the Certificate of Pre-condition with FPIC (Free Prior Informed Consent) for the agreement last June 2016. The Company has completed project documentation with the LGUs (Local Government Units). SOC and CAMPAL conferred with the LGUs and the Palawan Council for Sustainable Development (PCSD) to secure the Strategic Environmental Plan (SEP) Clearance needed for the agro-industrial development with coffee as the initial undertaking. On March 8, 2018 the PCSD issued the SEP Clearance Certificate for the development of 3212 hectares of the IP area. The Company together with CAMPAL are securing documentation for an ECC for the project.

Coffee and coconut are envisioned to be the main crops of the area. Coffee is the second most traded commodity worldwide. The Philippines consumes about 170,000 metric tons of coffee (Phil. Coffee Board) and is a net importer of coffee. It imports almost 70% of its coffee needs at a cost of P7B.

Coconut, also called the "tree of life" is an established commercial plant wherein its derived products are used domestically and internationally.

The global situation in recent years presents opportunities for the Company to seek entry into mineral exploration and exploitation sector. The Company applied for an Exploration Permit Application with the Mines and Geosciences Bureau Regional Office No. VII covering an area of 843 hectares, completing payment of fees last August 5, 2020. The application is undergoing evaluation by MGB Region VII office.

The Company is in a favorable situation wherein its current cash position allows it to review other businesses wherein it may invest.

Agri-Business	\$3MM
Other Energy, Mineral & Resources Based Opportunities	\$ 300K for Assessment Studies

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.



SOCResources, Inc.

Issuer

A handwritten signature in black ink, appearing to read 'R. De Leon', written over the printed name.

Ronna C. De Leon
Accounting Manager

Date : 2021 MAY 17

A large, stylized handwritten signature in black ink, written over the printed name.

Atty. Zosimo L. Padro, Jr.
Vice President - Finance

Date : 2021 MAY 17

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
In PHP

	March 31 2021 (Unaudited)	March 31 2020 (Unaudited)	December 31 2020 (Audited)
ASSETS			
Current Assets			
Cash and cash equivalents	624,397,830	554,468,203	599,223,662
Receivables	30,370,959	15,766,502	40,551,972
Contract assets	59,343,303	19,789,915	33,652,339
Real estate inventories	1,053,215,597	1,057,423,755	1,061,683,139
Due from a related party	-	256,445	
Prepayments and other current assets	59,350,627	91,552,657	58,397,845
Total Current Assets	1,826,678,316	1,739,257,477	1,793,508,957
Noncurrent Assets			
Equity investments at fair value through other comprehensive income (FVTOCI)	42,807,171	41,191,756	43,874,723
Receivables - net of current portion	-	15,000,000	
Contract assets - net of current portions	24,121,710	24,121,710	32,362,241
Property and equipment - net	37,011,710	37,174,319	36,565,773
Deferred Income Tax Assets	8,580,915		8,580,915
Other noncurrent asset	8,750,817	14,136,433	5,726,644
Total Noncurrent Assets	121,272,323	131,624,218	127,110,296
TOTAL ASSETS	1,947,950,639	1,870,881,695	1,920,619,253
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	54,134,216	53,123,112	56,120,295
Contract liabilities - current	163,041,405	135,719,882	130,089,749
Total Current Liabilities	217,175,621	188,842,994	186,210,044
Noncurrent Liabilities			
Retirement Benefit Obligation	6,588,727	5,782,334	6,618,727
Deferred Tax Liability	-	1,867,067	
Contract Liabilities - net of current portion	98,379,440	58,409,392	109,564,881
Total Noncurrent Liabilities	104,968,167	66,058,793	116,183,608
Total Liabilities	322,143,788	254,901,787	302,393,652
EQUITY			
Common Stock - P1 par value			
Authorized - 1 billion shares			
Issued 601,389,569 shares as of March 31,2021 , March 31,2020 and as of December 31,2020	601,389,569	601,389,569	601,389,569
Subscribed 305,170,000 shares as of Mar 31,2021 , Mar 31,2020 and as of December 31,2020 (net of subscription receivable of P228,877,500 as of March 31,2021 and as of Year end Dec 31,2021)	76,292,500	76,292,500	76,292,500
Additional paid in capital	72,272,140	72,272,140	72,272,140
Retained earnings:			
Appropriated	745,000,000	745,000,000	745,000,000
Unappropriated	123,038,979	114,966,817	114,390,177
Other comprehensive income	12,775,313	11,020,532	13,842,865
Treasury stock	(4,961,650)	(4,961,650)	(4,961,650)
Total Equity	1,625,806,851	1,615,979,908	1,618,225,601
TOTAL LIABILITIES AND EQUITY	1,947,950,639	1,870,881,695	1,920,619,253

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
IN PHP

	March 31	March 31	December 31
	2021	2020	2020
	(Unaudited)	(Unaudited)	(Audited)
REVENUES			
Real estate sales from contract with customers	46,301,848	8,809,723	51,046,755
Interest income	1,061,561	3,343,069	12,312,471
Dividend Income	-	-	124,890
Foreign exchange gains - net	64,672	5,586	(324,901)
Other Income	251,164	(3,701,127)	7,793,431
	47,679,245	8,457,251	70,952,646
COSTS AND EXPENSES			
Cost of real estate sales	25,812,855	4,901,383	28,236,647
General and administrative expenses	9,879,935	10,081,615	44,306,542
Sales and marketing expenses	3,337,652	835,261	6,667,281
	39,030,442	15,818,259	79,210,470
INCOME (LOSS) BEFORE INCOME TAX	8,648,803	(7,361,008)	(8,257,824)
PROVISION FOR INCOME TAX			
Current	-	-	9,942,115
Deferred	-	-	(10,262,293)
	-	-	(320,178)
NET INCOME (LOSS)	8,648,803	(7,361,008)	(7,937,646)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) not to be reclassified to profit (loss) in subsequent periods:</i>			
Unrealized valuation gains on equity investments at FVTOCI	(1,067,552)	(2,016,702)	816,265
Actuarial gains (losses) on defined benefit plan	-	-	(10,634)
	(1,067,552)	(2,016,702)	805,631
TOTAL COMPREHENSIVE INCOME (LOSS)	7,581,251	(9,377,710)	(7,132,015)
Basic/Diluted Income (Loss) Per Share	0.0144	(0.0122)	(0.0132)
* Computed as =			
Net income(loss) for the period	8,648,803	(7,361,008)	(7,937,646)
Weighted average number of shares	601,389,569	601,389,569	601,182,069

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
IN PHP

	As of March 31		December 31
	2021	2020	2020
	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	8,648,803	(7,361,008)	(8,257,824)
Adjustments for:			
Retirement Benefit Expense	-		790,070
Depreciation and amortization	1,246,120	810,107	2,545,515
Unrealized foreign exchange losses (gains)	324,902	(5,586)	324,901
Interest income	(9,015,630)	(3,343,069)	(12,312,471)
Dividend Income	(124,890)		(124,890)
Loss/(Gain) on repossession			363,970
Operating income (loss) before working capital changes	1,079,305	(9,899,556)	(16,670,729)
Decreases (Increases) in:			
Receivables	(1,554,816)	1,279,485	(10,094,780)
Contract asset	(4,674,686)	4,822,553	5,038,760
Real estate inventories	8,467,542	850,547	(3,772,807)
Other current assets	(450,539)		4,190,750
Prepayments and other current assets	(502,242)	(8,994,539)	
Other noncurrent assets	1,283,991		
Increase (decrease) in:			
Contract liabilities	21,766,217	14,647,609	60,172,965
Accounts Payable & Accrued Expenses	(1,986,081)	(7,058,637)	(4,061,454)
Cash flows generated from (used in) operations	23,398,691	(4,352,538)	34,802,705
Interest received	7,924,988	2,314,487	12,837,740
Income tax paid, including creditable withholding taxes	-	-	(3,403,170)
Net cash flows from (used in) in operating activities	31,323,679	(2,038,051)	44,237,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Short-term investments	-		
AFS financial assets	-		
Property and equipment	(1,692,056)	(23,535)	(1,150,398)
Proceeds from:			
Sale of short-term investments			
Redemption of UITF	-		
Decrease in Other noncurrent assets			
Dividend Received	176,215	51,325	114,750
Decrease (increase) in other noncurrent assets	(4,308,165)		
Advances to agricultural projects		(976,262)	(1,115,262)
Advances to related party	(600)	(13,058)	
Net cash flows from (used in) investing activities	(5,824,606)	(961,530)	(2,150,910)
CASH FLOWS FROM A FINANCING ACTIVITY			
Collection of subscriptions receivable	-		
Net cash flows from (used in) Financing activities	-	-	-
EFFECT OF EXCHANGE RATE CHANGES			
ON CASH AND CASH EQUIVALENTS	(324,901)	5,586	(324,901)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,174,172	(2,993,995)	41,761,464
CASH AND CASH EQUIVALENTS AT			
BEGINNING OF YEAR	599,223,658	557,462,198	557,462,198
CASH AND CASH EQUIVALENTS AT			
END OF YEAR	624,397,830	554,468,203	599,223,662

SOCRESOURCES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
IN PHP

	Common Stock		Additional	Retained Earnings		Other	Treasury	
	Issued	Subscribed - Net	Paid-In Capital	Appropriated	Unappropriated	Comprehensive Income	Shares	TOTAL
BALANCES AT DECEMBER 31, 2019	601,389,569	76,292,500	72,272,140	745,000,000	122,327,823	13,037,234	(4,961,650)	1,625,357,616
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income					(7,937,646)	805,631		(7,132,015)
Balances at December 31, 2020	601,389,569	76,292,500	72,272,140	745,000,000	114,390,177	13,842,865	(4,961,650)	1,618,225,601
BALANCES AT DECEMBER 31, 2019	601,389,569	76,292,500	72,272,140	745,000,000	122,327,823	13,037,234	(4,961,650)	1,625,357,616
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income					(7,361,006)	(2,016,702)		(9,377,708)
Balances at March 31, 2020	601,389,569	76,292,500	72,272,140	745,000,000	114,966,817	11,020,532	(4,961,650)	1,615,979,908
BALANCES AT DECEMBER 31, 2020	601,389,569	76,292,500	72,272,140	745,000,000	114,390,177	13,842,865	(4,961,650)	1,618,225,601
Collections of Subscription Receivable								-
Issuance of Common Stock								-
Total Comprehensive Income					8,648,802	(1,067,552)		7,581,250
Balances at March 31, 2021	601,389,569	76,292,500	72,272,140	745,000,000	123,038,979	12,775,313	(4,961,650)	1,625,806,851

SOCRESOURCES, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information, Status of Operations

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 ₱5.0 billion to generate approximately ₱7.0 billion in sales over its production cycle. Initially targeted for completion within five years from launch, the production cycle of the project is extended and re-planned for completion by 2025.

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

On September 2, 2011, 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 2020, SOC Land is also studying the feasibility of developing in other areas with potential sites in consideration in Baguio City, Manila City and Quezon City, among other places.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for 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.

The accompanying consolidated financial statements have been prepared under the going concern assumption. The Group believes that its real estate business would remain relevant despite challenges posed by the Corona Virus Disease (COVID 19) pandemic.

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 reliefs granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019, to defer the implementation of the following accounting pronouncements until December 31, 2020. These accounting pronouncements address the issues of PFRS 15, *Revenue from Contracts with Customers* affecting the real estate industry:

Deferral of the following provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry

- a. Assessing if the transaction price includes a significant financing component (as amended by PIC Q&A 2020-04);
- b. Treatment of land in the determination of the percentage-of-completion (POC);
- c. Treatment of uninstalled materials in the determination of the POC (as amended by PIC Q&A 2020-02); and
- d. Accounting for Common Usage Service Area (CUSA) charges

Deferral of the adoption of PIC Q&A 2018-14: Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the *Standards Issued but not yet Effective* section below.

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 for the adoption of new accounting pronouncements starting January 1, 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these pronouncements did not have any significant impact on the consolidated financial statements of the Group.

Effective beginning on or after January 1, 2020

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

The amendments to PFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments may impact future periods should the Group enter into any business combinations.

- **Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform***

The amendments to PFRS 9 provide a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

- **Conceptual Framework for Financial Reporting issued on March 29, 2018**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the standard-setters in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

- **Amendments to PFRS 16, *COVID-19-related Rent Concessions***

The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

- **There is no substantive change to other terms and conditions of the lease.**

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted.

The adoption has no significant impact to the Group.

- *Adoption of PIC Q&A 2020-03, Q&A No. 2018-12-D: STEP 3- On the accounting of the difference when the percentage of completion is ahead of the buyer's payment*

PIC Q&A 2020-03 was issued by the PIC on September 30, 2020. The latter aims to provide an additional option to the preparers of financial statements to present as receivables, the difference between the POC and the buyer's payment, with the POC being ahead. This PIC Q&A is consistent with the PIC guidance issued to the real estate industry in September 2019.

The adoption of this PIC Q&A did not impact the financial statements of the Group since it has previously adopted the additional guidance issued by the PIC in September 2019.

Standards Issued but not yet Effective

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, 2021

- **Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2***

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- **Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform**
- **Relief from discontinuing hedging relationships**
- **Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component**

The Group shall also disclose information about:

- **The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and**
- **Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition**

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- **Amendments to PFRS 3, *Reference to the Conceptual Framework***

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- **Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use***

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- **Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract***

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- ***Annual Improvements to PFRSs 2018-2020 Cycle***

- ***Amendments to PFRS 1, First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter***

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- ***Amendments to PFRS 9, Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities***

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

- ***Amendments to PAS 41, Agriculture, Taxation in fair value measurements***

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- ***Amendments to PAS 1, Classification of Liabilities as Current or Non-current***

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- **What is meant by a right to defer settlement**
- **That a right to defer must exist at the end of the reporting period**
- **That classification is unaffected by the likelihood that an entity will exercise its deferral**

- right
- **That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification**

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

- **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, 2023, 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 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.

- **Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)**

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine SEC issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain

provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
1. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
2. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023
3. Treatment of uninstalled materials in the determination of the POC discussed in PIC Q&A 2018-12-E (as amended by PIC Q&A 2020-02)	Until December 31, 2020
4. Accounting for CUSA Charges discussed in PIC Q&A No. 2018-12-H	Until December 31, 2020

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a. **The accounting policies applied.**
- b. **Discussion of the deferral of the subject implementation issues in the PIC Q&A.**
- c. **Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.**
- d. **Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.**

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- **PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component**
- **PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC**

After the deferral period, real estate companies would have to adopt PIC Q&A No. 2018-12 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

The Group availed of the deferral of adoption of the following specific provisions of PIC Q&A. Had these provisions been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using the effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2020, 2019 and 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented.

- **Deferral of PIC Q&A 2018-14, Accounting for Cancellation of Real Estate Sales (as amended by PIC Q&A 2020-05)**

On June 27, 2018, PIC Q&A 2018-14 was issued providing guidance on accounting for cancellation of real estate sales. Under SEC MC No. 3-2019, the adoption of PIC Q&A No. 2018-14 was deferred until December 31, 2020. After the deferral period, real estate companies will adopt PIC Q&A No. 2018-14 and any subsequent amendments thereto retrospectively or as the SEC will later prescribe.

On November 11, 2020, PIC Q&A 2020-05 was issued which supersedes PIC Q&A 2018-14. This PIC Q&A adds a new approach where the cancellation is accounted for as a modification of the contract (i.e., from non-cancellable to being cancellable). Under this approach, revenues and related costs previously recognized shall be reversed in the period of cancellation and the inventory shall be reinstated at cost. PIC Q&A 2020-05 will have to be applied prospectively from approval date of the Financial Reporting Standards Council which was November 11, 2020.

The Group availed of the SEC relief to defer the adoption of this PIC Q&A until December 31, 2020. Currently, the Group records the repossessed inventory at fair value at the time of repossession. The Group is still evaluating the approach to be availed among the existing options.

The Group continues to assess the impact of the above new and amended accounting standards and Interpretations effective subsequent to 2020 on the financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the financial statements when these amendments are adopted. The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to the December 31, 2020 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

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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 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 of 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 of input that is significant to the fair value measurement is directly or indirectly observable**
- **Level 3 - Valuation techniques for which the lowest level of 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, 2020 and 2019, 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.

Financial Instruments

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

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 'solely for payment of principal and interest' SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The 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**

As at December 31, 2020 and 2019, the Group does not have any financial assets at 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) and 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 presented under Prepayments and other current assets.

Financial assets designated at FVTOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI 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 profit and loss 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 FVTOCI 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, 2020 and 2019, the Group has no financial assets at FVTPL.

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.

Modification of financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Group considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Group considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Group also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Group considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in profit and loss.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. 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 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 installment contract receivable (ICR)/contract asset 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 addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on gross domestic income and bank lending rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, association dues, refurbishment, payment required under *Maceda Law*, and cost to complete (for incomplete units).

For its refundable deposits, the Group applies the general approach in calculating ECLs. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group determines probability of default and loss-given default based on available data, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 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 profit or loss 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 profit or loss 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.

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:

- **Acquisition cost of subdivision land;**
- **Amounts paid to contractors for construction and development of subdivision land, residential houses and lots and condominium units;**
- **Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs; and**
- **Borrowing costs capitalized prior to start of pre-selling activities for the real estate project.**

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 carrying amount of inventories is reduced through the use of allowance account and the amount of loss is charged to profit or loss.

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 at the time of repossession. Any resulting gain or loss arising from the difference between the fair value at the time of repossession and the remaining receivable due from the buyers is credited or charged to "Other income" in the profit or loss.

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 assets. 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.

Any excess which will be claimed as tax credits or recoverable from the taxation authority within twelve (12) months or within the normal operating cycle is presented as part of “Prepayments and other current assets” in the statement of financial position. Otherwise, these are classified as other noncurrent assets. Input VAT is stated at its estimated net realizable value. Output VAT payable to the taxation authority is included as part of “Accounts payable and other liabilities” account in the consolidated statement of financial position.

Property and Equipment

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

The initial cost of property and equipment 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:

Asset Type	Number of years
Building	20
Office furniture and equipment	2-5
Transportation equipment	5
Leasehold improvements	2 or lease term, whichever is shorter

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

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

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

Impairment of Nonfinancial Assets

The 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.

Retirement Benefits Cost

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

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.

Common Stock and Additional Paid-in Capital

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 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 judgments, 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 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.

Estimated development costs of the real estate project include costs of 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 and is allocated between costs of sales and real estate inventories.

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 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.

In certain customer contracts, the Group receives advance payments from customers for the sale of real estate units with completion of the real estate project happening after more than one year after signing the contract and receipt of payment. There is a significant financing component for these contracts considering the length of time between the customers' payment and the satisfaction of performance obligation, as well as the prevailing interest rate in the market. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract (i.e., the interest rate that discounts the cash selling price of the real estate unit to the amount paid in advance). This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

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 profit or loss.

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, derecognition 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 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 may be 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, judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Interest Income

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

Other Income

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

Cost and Expense Recognition

Costs and 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

The Group recognizes costs relating to satisfied performance obligations as these are incurred. 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.

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 the 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.

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 starting 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 and Low-value assets

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). It also applies the leases of low-value assets recognition exemption, where applicable, to leased assets that are considered of low value (i.e., below ₱250,000). Lease payments on short-term leases and low-value assets 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 Group'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 the consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

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.

Management has considered the potential impact of COVID-19 pandemic on the Group's significant accounting judgments and estimates and there are no changes to the significant judgements and estimates in the consolidated financial statements as at and for the year ended December 31, 2020 from those applied in previous financial years, other than for those disclosed under this section.

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:

Determination of Existence of an Enforceable Contract

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 the Revenue Recognition Method and Measure of Progress

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

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.

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 March 31, 2021, December 31, 2020 and 2019, 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 if

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 ₱46.30 million and ₱25.81 million as of March 31, 2021, ₱51.05 million and ₱28.24 million in 2020, ₱112.58 million and ₱67.91 million in 2019 and ₱137.58 million and ₱65.72 million in 2018, respectively (see Notes 7 and 22).

Estimation of the Provision for ECL

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 a receivable/contract asset 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 on March 31, 2021, December 31, 2020 and 2019. The carrying values of receivables as of March 31, 2021, December 31, 2020 and December 31, 2019 amounted to ₱30.37 million, ₱40.55 million and ₱30.97 million, respectively (see Note 6). The carrying values of contract assets is ₱83.47 million, ₱66.01 million and ₱71.05 million as of March 31, 2021, December 31, 2020 and 2019, respectively (see Note 22).

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 ₱1,053.22 million, ₱1,061.68 million and ₱1,058.27 million as of March 31, 2021, December 31, 2020 and 2019, respectively. In March 31, 2021 and 2020 and 2019, 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).

Estimation of Useful Lives of Property and Equipment, excluding Land

The Group estimates the useful lives of the significant parts of property and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

There were no changes in the estimated useful life of property and equipment as of March 31, 2021, December 31, 2020 and December 31, 2019. The carrying values of depreciable property and equipment amounted ₱37.01 million, ₱20.23 million and ₱21.62 million as at March 31, 2021, December 31, 2020 and 2019, respectively (see Note 11).

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, 2020, 2019 and 2018 amounted to ₱0.79 million, ₱0.67 million, and ₱0.66 million, respectively. Retirement benefits liability amounted to ₱6.62 million and ₱5.78 million as of December 31, 2020 and 2019, respectively (see Note 17).

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 assets amounting to ₱18.36 million and ₱8.21 million as of December 31, 2020 and 2019, respectively (see Note 18).

4. Cash and Cash Equivalents

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Cash on hand and in banks	₱38,614,979	₱52,543,679
Cash equivalents	585,782,851	546,679,983
	₱624,397,830	₱599,223,662

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 ₱1.06 million, ₱9.39 million, and ₱18.85 million as of March 31, 2020 and in Dec 31, 2020 and 2019, respectively.

5. Short-Term Investments

In 2018, the Parent Company sold its short-term investments in government securities bearing interest ranging from 2.85% to 3.00% upon maturity, with proceeds equivalent to its carrying value amounting to ₱255.82 million. Interest earned from these securities amounted to ₱2.80 million in 2018 (nil in 2020 and 2019).

6. Receivables

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Installment contract receivables (Note 22)	₱ 3,933,038	₱12,775,747
Advances to:		
Officers and employees	19,256,212	19,080,905
Agents	1,526,262	1,473,731
Accrued interest	918,732	333,324
Due from a related party (Note 19)	257,045	256,445
Other receivables	4,479,672	6,631,820
	₱ 30,370,959	₱40,551,972

- a. Instalment contract receivables arises from sale of real estate and is collectible in monthly instalments over a period ranging from one to 10 years which bears monthly interest rates of 14.0% to 16.0% in 2020 and 2019 computed on the diminishing balance.

Interest income earned amounted to ₱0.55 million, ₱2.92 million and ₱4.28 million as of March 31, 2021, December 31, 2020 and 2019, 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 for electricity and other utilities.

7. Real Estate Inventories

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Condominium and residential units	₱ 545,353,647	559,091,328
Subdivision projects for development	364,954,016	362,152,410
Lot inventory	142,907,933	140,439,401
	₱ 1,053,215,596	₱1,061,683,139

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

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Balances at beginning of year	₱1,061,683,139	₱1,058,274,302
Development costs incurred	17,345,313	27,535,884
Disposals recognized as cost of real estate sales	(25,812,855)	(28,236,647)
Repossessed inventories	-	4,109,600
	₱ 1,053,215,596	₱1,061,683,139

8. Prepayments and Other Current Assets

	March 31, 2021	Dec. 31, 2020
	(Unaudited)	(Audited)
Input VAT - net of noncurrent portion	₱ 36,490,064	₱37,493,355
Prepaid taxes	18,134,213	17,452,394
Refundable deposits (Note 27)	3,273,166	3,273,166
Advances to suppliers and contractors	20,541	46,180
Others	1,432,643	132,750
	₱59,350,627	₱58,397,845

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

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

9. Equity Investments at FVTOCI

	March 31, 2021	Dec. 31, 2020
	(Unaudited)	(Audited)
Golf club shares	₱34,250,000	₱35,250,000
Listed equity investments	8,557,171	7,958,458
	₱42,807,171	₱43,208,458

As of March 31, 2021 and December 31, 2020, 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 ₱0.12 million, ₱0.39 million and ₱0.41 million in 2020, 2019 and 2018, respectively.

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

	March 31, 2021	Dec. 31, 2020
	(Unaudited)	(Audited)
Balance at beginning of year	₱13,377,801	₱12,561,536
Fair value adjustments	(1,067,552)	816,265
Balances at end of year	₱12,310,249	₱13,377,801

10. Debt Investments at FVTPL

This account pertains to investment in UITF from China Banking Corporation (CBC), classified and measured as debt instruments classified at FVTPL. The reconciliation of the carrying amounts of debt investments at FVTPL as of December 31, 2018 follows:

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	₱–

The fair value adjustments were recognized in the consolidated statement of comprehensive income in 2018.

11. Property and Equipment

March 31, 2021 (Unaudited)

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	16,336,217	20,377,418	18,474,072	16,251,840	–	77,157,749
Additions	–	–	984,665	–	–	984,665
Balances at end of year	16,336,217	20,377,418	19,458,737	16,251,840	–	72,424,212
Accumulated depreciation and amortization						
Balances at beginning of year	–	8,344,368	11,348,883	15,180,523	–	34,873,774
Depreciation and amortization (Notes 14 and 15)	–	265,781	146,185	126,762	–	538,728
Balances at end of year	–	8,610,149	11,495,068	15,307,285	–	35,412,502
Net book values	₱16,336,217	₱ 11,767,269	₱ 7,963,669	₱ 944,555	₱–	₱37,011,710

December 31, 2020 (Audited)

	Land	Building	Office Furniture and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost						
Balances at beginning of year	₱16,336,217	₱20,377,418	₱17,323,674	₱16,251,840	₱5,718,202	₱76,007,351
Additions	–	–	1,150,398	–	–	1,150,398
Balances at end of year	16,336,217	20,377,418	18,474,072	16,251,840	5,718,202	77,157,749
Accumulated depreciation and amortization						
Balances at beginning of year	–	7,281,253	10,564,273	14,673,471	5,527,464	38,046,461
Depreciation and amortization (Notes 14 and 15)	–	1,063,115	784,610	507,052	190,738	2,545,515
Balances at end of year	–	8,344,368	11,348,883	15,180,523	5,718,202	40,591,976
Net book values	₱16,336,217	₱12,033,050	₱7,125,189	₱1,071,317	₱–	₱36,565,773

As of March 31, 2021 and December 31, 2020, the cost of fully depreciated property and equipment amounted to ₱23.40 million and 23.40 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 Assets

Other noncurrent assets consist of input VAT that is expected to be offset against output VAT in more than one year and advances to agricultural projects.

As of March 31, 2021 and December 31, 2020, deferred input VAT amounted to ₱4.51 million.

Advances to agricultural projects amounted to ₱5.53 million and ₱1.22 million as of March 31, 2021 and December 31, 2020, respectively.

13. Accounts Payable and Other Liabilities

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Accrued contractors' payables	₱ 36,284,596	₱36,442,493
Accounts payable - trade	-	14,005,616
Accrued expenses	16,492,120	3,764,864
Retention payables (Note 26)	1,297,156	1,262,334
Government payables	735,514	644,988
	₱54,809,386	₱56,120,295

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

14. General and Administrative Expenses

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
Personnel costs	₱ 4,541,893	₱18,127,970	₱21,285,540
Travel and transportation	1,048,790	5,324,807	6,932,529
Professional fees	529,262	3,584,315	3,457,550
Short-term lease (Note 26)		2,573,767	2,343,169
Taxes and licenses	299,736	2,465,172	3,436,845
Depreciation and amortization (Note 11)	554,456	2,374,098	3,767,906
Outside services		2,208,215	2,129,431
Property management expense		1,169,199	3,468,033
Telecommunications and postage	169,596	1,012,940	1,125,538
Dues and subscription	241,502	962,758	938,764
Repairs and maintenance	347,084	914,218	933,091
Research and development expenses	54,925	686,178	3,435,115
Supplies	206,500	584,501	699,083
Utilities	734,121	519,718	530,623
Insurance		105,124	56,061
Exploration cost		79,680	1,127,290
Entertainment and representation	12,333	51,793	195,002
Trainings and seminars	6,360	27,087	188,343
Rent (Note 26)	—	—	—
Others	1,133,377	1,535,002	2,075,372
	₱9,879,935	₱58,125,285	₱61,084,028

Others include bank charges and other miscellaneous costs.

Personnel costs consist of:

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
Salaries and wages	₱ 3,599,817	₱15,019,496	₱18,541,831
Short term employee benefits	942,076	2,318,404	2,070,526
Retirement benefits cost (Note 17)	—	790,070	673,183
	₱4,541,893	₱18,127,970	₱21,285,540

15. Sales and Marketing Expenses

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
Commissions and incentives	₱ 2,494,624	₱3,691,984	₱6,158,776
Consultancy fees	403,895	1,489,286	2,475,152
Advertising	113,221	703,360	978,721
Utilities	13,896	261,262	579,224
Product presentation	5,964	238,213	2,802,579
Depreciation and amortization (Note 11)	42,854	171,417	171,417
Travel and transportation	74,371	91,434	148,598
Telecommunications and postage	34,395	—	7,674
Rent (Note 26)	—	—	—
Others	154,433	20,325	107,334
	₱ 3,337,652	₱6,667,281	₱13,429,475

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

16. Other Income - net

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
Forfeited buyer deposits	₱ 94,742	₱10,894,562	₱7,811,274
Penalty income and late payment charges	335,233	1,249,078	613,748
Gain (loss) on repossession	—	(363,970)	464,520
Write-off of other assets	—	—	—
Others - net	(178,811)	(3,986,239)	(8,158,291)
	₱ 251,164	₱7,793,431	₱731,251

- 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 (loss) on repossession represents the difference between the fair value of the repossessed inventories and the carrying value of the ICR/contract asset and any amount refundable to the buyer at the date of repossession.
- Other income included within “Others - net” include reversal of long outstanding payables in 2020 and 2019 as the Group assessed that these will no longer be collected by the suppliers and settlement of prior year.

Other charges included within “Others - net” mainly pertain to input VAT charged to expense pertaining to purchases related to VAT-exempt sales, among others. The 2019 amount also includes VAT assessment paid 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, 2020.

Retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows:

	2020	2019	2018
Current service cost	₱527,133	₱344,914	₱435,961
Interest cost	262,937	328,269	221,500
	₱790,070	₱673,183	₱657,461

Amounts recognized in other comprehensive income pertaining to remeasurement gains (losses) amounted to (P46,323), (P827,679) and P1,171,399 in 2020, 2019 and 2018, respectively.

Movement in the actuarial gains on defined benefit plan is as follows (net of deferred income tax where recognized):

	2020	2019	2018
Balances at beginning of year	P475,698	P1,229,821	P348,621
Actuarial gains (losses) during the year	(10,634)	(754,123)	881,200
Balances at end of year	P465,064	P475,698	P1,229,821

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

	2020	2019
Beginning	P5,782,334	P4,281,472
Current service cost	527,133	344,914
Interest cost	262,937	328,269
Actuarial loss (gain) due to:		
Experience adjustments	(280,527)	316,173
Change in assumptions	326,850	511,506
Ending	P6,618,727	P5,782,334

The principal assumptions as of used to determine retirement benefit obligations for the plan as at January 1 are shown below:

	2020	2019
Discount rate	4.50%-4.84%	7.31%-7.70%
Future salary increase	3.00%-5.00%	3.00%-5.00%

The discount rate and projected salary increase rate as of December 31, 2020 ranged between 3.30%-3.68% and 3.00%-5.00%, respectively.

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, 2020:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(P285,851)
	(100 bps)	335,976
Future salary increase rate	100 bps	336,999
	(100 bps)	(291,862)

December 31, 2019:

	Increase (decrease) in basis points (bps)	Effect on retirement benefit obligation
Discount rate	100 bps	(P801,789)
	(100 bps)	1,043,532
Future salary increase rate	100 bps	1,046,826
	(100 bps)	(800,242)

The estimated weighted average duration of benefit payment is 16 years and 17 years as of December 31, 2020 and 2019, respectively.

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

	2020	2019
Less than one year	P5,275,792	P5,095,201
More than one year to 10 years	1,656,989	802,576
More than 10 years to 30 years	10,727,346	11,044,292

18. Income Taxes

- The Parent Company has no provision for current income tax in 2020, 2019 and 2018. The Subsidiary's current provision for income tax represents RCIT in 2020, 2019 and 2018.
- Major components of income tax expense for the respective years are:

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
For the current financial year:			
Current income tax	P —	P9,942,115	P8,351,465
Deferred income tax	—	(10,262,293)	(9,029,403)
	—	(320,178)	(677,938)
Under provision in prior years			
Current income tax	—	—	228,356
Provision for income tax	P —	(P320,178)	(P449,582)

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:

	2020	2019	2018
Provision for (benefit from) income tax computed at statutory tax rate	(P2,477,347)	(P861,066)	P3,926,011
Additions to (reductions in) income tax resulting from:			
Movements in deductible temporary differences, NOLCO and excess MCIT over RCIT for which no deferred income tax assets were recognized	2,984,453	4,118,162	3,854,257
(Forward)			
Interest income subjected to final tax	(P2,818,002)	(P5,655,910)	(P3,357,676)

	2020	2019	2018
Nondeductible expenses	2,028,185	1,836,762	978,066
Nontaxable dividend income	(37,467)	(115,886)	(150,407)
Current tax of prior periods	—	228,356	—
Provision for (benefit from) income tax	(P320,178)	(P449,582)	P5,250,251

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

	2020	2019
Deferred income taxes recognized in profit or loss		
Deferred income tax assets:		
Difference between tax and book basis of accounting for real estate transactions	P17,791,634	P7,744,910
Retirement benefit obligation	569,891	463,513
	18,361,525	8,208,423
Deferred income tax liabilities:		
Gain on repossession	(6,245,123)	(6,354,314)
	12,116,402	1,854,109
Deferred income tax liabilities recognized in other comprehensive income:		
Fair value changes of equity investments at FVTOCI	(3,348,750)	(3,498,750)
Actuarial gains on defined benefit plan	(186,737)	(222,426)
	(3,535,487)	(3,721,176)
	P8,580,915	(P1,867,067)

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

	2020		2019	
	Gross Amount	Tax Effect	Gross Amount	Tax Effect
NOLCO	P35,037,605	P10,511,282	P36,838,931	P11,051,679
Pension liability	5,341,547	1,602,464	4,978,711	1,493,613
Unrealized foreign exchange loss	566,373	169,912	241,472	72,442
	P40,945,525	P12,283,658	P42,059,114	P12,617,734

- d. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, the Group has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Year Incurred	Balance as of December 31, 2019	Addition	Expiration	Utilization	Balance as of December 31, 2020	Tax effect	Available Until
2017	P10,989,125	P—	P10,989,125	P—	P—	P—	2020
2018	12,839,075	—	—	—	12,839,075	3,851,723	2021
2019	13,010,731	—	—	—	13,010,731	3,903,219	2022
	P36,838,931	P—	P10,989,125	P—	P25,849,806	P7,754,942	

As of December 31, 2020, the Group has incurred NOLCO in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover as One Act, as follows:

Year Incurred	Balance as of December 31, 2019	Addition	Expiration	Utilization	Balance as of December 31, 2020	Tax effect	Available Until
2020	P-	P9,187,799	P-	P-	P9,187,799	P2,756,340	2025

- e. President Rodrigo Duterte signed into law on March 26, 2021 the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2011 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% effective July 1, 2020.

- Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated CIT rate of the Group for CY2020 is 27.5%. This will result in lower provision for current income tax for the year ended December 31, 2020 and higher prepaid taxes (including creditable withholding taxes) as of December 31, 2020, amounting to P9.11 million and P18.28 million, respectively, or a reduction of P0.83 million and increase of P0.83 million, respectively. The reduced amounts will be reflected in the Group's 2020 annual income tax return. However, for financial reporting purposes, the changes will only be recognized in the 2021 financial statements.
- This will result in lower deferred tax assets - net as of December 31, 2020 and provision for deferred tax for the year then ended by P1.99 million and P1.71 million, respectively. These reductions will be recognized in the 2021 consolidated financial statements.

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
	Mar.31,2021	Dec 31,2020	Mar.31,2021	Dec 31,2020		
<i>Entity under common control</i>						
South China Petroleum International (SCPI)						
Due from a related party	P600	P13,058	P 257,045	P256,445	Due and demandable	Unsecured; No impairment
Due from officers and directors (included as part of "Advances to officers and employees" under Receivables)	–	–	15,000,000	15,000,000	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:

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)	Dec. 31, 2019 (Audited)
Salaries and short-term benefits	P1,926,802	P7,707,207	P10,413,222
Retirement benefits	46,345	185,379	155,212
	P1,973,147	P7,892,586	P10,568,434

No other employee benefits were incurred for key management personnel.

20. Equity

a. Common Stock

The Parent Company's authorized, issued and outstanding common shares as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021 (Unaudited)		Dec. 31, 2020 (Audited)	
	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	601,389,569	P601,389,569	601,389,569	P601,389,569
Issuance	—	—	—	—
End of year	601,389,569	P601,389,569	601,389,569	P601,389,569
<i>Subscribed</i>				
Beginning of year	305,170,000	P305,170,000	305,170,000	P305,170,000
Issuance	—	—	—	—
Subscription receivable	(228,877,500)	(228,877,500)	(228,877,500)	(228,877,500)
End of year	76,292,500	P76,292,500	76,292,500	P76,292,500
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 358 and 359 shareholders as at December 31, 2020 and 2019, 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.

Unappropriated retained earnings that are not available for dividend declaration are as follows:

	Mar. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Restricted for treasury shares	P4,961,650	P4,961,650	P4,961,650
Recognized deferred income tax assets	12,116,402	12,116,402	1,854,109
	P17,078,052	P17,078,052	P6,815,759

21. Basic/Diluted Earnings (Loss) Per Share

	Mar. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Net income (loss)	P8,648,803	(P7,937,646)	(P2,420,641)
Weighted average number of shares	901,920,569	901,920,569	901,920,569
Basic/Diluted Earnings (Loss) per Share	P0.0096	(P0.0088)	(P0.0027)

There are no dilutive potential common shares outstanding as of March 31, 2021, December 31, 2020, and 2019.

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 March 31, 2021				
	Lot/ House and Lot	Condominium	Parking Lot	Townhouse	Total
Type of goods					
Sale of lot and house and lot	P 21,467,668	P–	P–	P–	P21,467,668
Sale of condominium unit	–	19,769,680	–	–	19,769,680
Sale of parking lot	–	–	550,000	–	550,000
Sale of townhouse	–	–	–	4,514,500	4,514,500
Total	P21,467,668	P19,769,680	P550,000	P4,514,500	P46,301,848
Timing of revenue recognition					
Goods transferred over time	P21,467,668	P19,769,680	P550,000	P4,514,500	P46,301,848

Segments	For the year ended December 31, 2020				
	Lot/ House and Lot	Condominium	Parking Lot	Townhouse	Total
Type of goods					
Sale of lot and house and lot	P25,046,083	P–	P–	P–	P25,046,083
Sale of condominium unit	–	15,147,486	–	–	15,147,486
Sale of parking lot	–	–	3,100,000	–	3,100,000
Sale of townhouse	–	–	–	7,753,186	7,753,186
Total	P25,046,083	P15,147,486	P3,100,000	P7,753,186	P51,046,755
Timing of revenue recognition					
Goods transferred over time	P25,046,083	P15,147,486	P3,100,000	P7,753,186	P51,046,755

b. Contract balances

The Group's contract balances as of March 31, 2021 and December 31, 2020 are as follows:

	Mar. 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Receivables (Note 6)	₱ 3,933,038	₱12,775,747
Contract assets	83,465,013	66,014,580
Contract liabilities	261,420,846	239,654,630

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, 2020 and 2019 are as follows:

	Mar. 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Contract assets - current	₱59,343,303	₱33,652,339
Contract assets - noncurrent	24,121,710	32,362,241
	₱83,465,013	₱66,014,580

Contract liabilities

	Mar. 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Contract liabilities - current	₱163,041,405	₱129,096,963
Contract liabilities - noncurrent	98,379,441	50,384,702
	₱261,420,846	₱179,481,665

The Group recognized additional ₱189.27 million worth of contract liabilities in 2020. As at December 31, 2020, contract liabilities amounting to ₱130.09 million are expected to be recognized as revenue in the following year. Contract liabilities as of December 31, 2019 amounting to ₱129.10 million were recognized as revenue in 2020.

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, refundable deposits, equity investments at FVTOCI and accounts payable and other liabilities (excluding statutory liabilities). 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, 2020 and 2019 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/contract asset 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/contract assets 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 following tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses) as of March 31, 2021 and December 31, 2020:

	March 31, 2021 (Unaudited)						Credit Impaired	Total
	Current			Past Due				
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days			
Cash and cash equivalents*	P 624,227,830	P–	P–	P–	P–	P–	P 624,227,830	
Trade and other receivables								
Installment contract receivables	–	–	–	–	3,933,038	–	3,933,038	
Advances to officers and employees	19,256,212	–	–	–	–	–	19,256,212	
Advances to agents	1,526,262	–	–	–	–	–	1,526,262	
Accrued interest	918,732	–	–	–	–	–	918,732	
Due from a related party	257,045	–	–	–	–	–	257,045	
Other receivables	4,479,671	–	–	–	–	–	4,479,671	
Contract assets	83,465,013	–	–	–	–	–	83,465,013	
Refundable deposits	3,143,986	–	–	–	–	–	3,143,986	
	P 737,274,751	P–	P–	P–	P3,933,038	P–	P 741,207,789	

*Excludes cash on hand.

	December 31, 2020 (Audited)						
	Current			Past Due			
	Minimal Risk	Average Risk	High Risk	1-90 Days	More than 90 days	Credit Impaired	Total
Cash and cash equivalents*	P599,193,662	P–	P–	P–	P–	P–	P599,193,662
Trade and other receivables							
Installment contract receivables	–	–	–	3,443,785	9,331,962	–	12,775,747
Advances to officers and employees	4,080,905	15,000,000	–	–	–	–	19,080,905
Advances to agents	1,473,731	–	–	–	–	–	1,473,731
Accrued interest	333,324	–	–	–	–	–	333,324
Due from a related party	256,445	–	–	–	–	–	256,445
Other receivables	6,631,820	–	–	–	–	–	6,631,820
Contract assets	66,014,580	–	–	–	–	–	66,014,580
Refundable deposits	3,273,166	–	–	–	–	–	3,273,166
	P681,257,633	P15,000,000	P–	P3,443,785	P9,331,962	P–	P709,033,380

*Excludes cash on hand.

The Group classifies credit quality risk as follows:

Minimal risk - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

Average risk - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

High risk - accounts with low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

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.

No provision for credit losses in 2021 and 2020 using the ECL model has been recorded.

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

March 31, 2021 (Unaudited)

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
Amortized Cost					
Cash in banks and cash equivalents*	P624,227,830	P–	P–	P–	P 624,227,830
Installment contract receivables	–	–	–	3,933,038	3,933,038
Advances to officers and employees	19,256,212	–	–	–	19,256,212
Advances to agents	1,526,262	–	–	–	1,526,262
Accrued interest	918,732	–	–	–	918,732
Due from a related party	257,045	–	–	–	257,045
Other receivables	4,479,671	–	–	–	4,479,671
Refundable deposits	3,143,986	–	–	–	3,143,986
Contract assets	83,465,013	–	–	–	83,465,013
	P737,274,751	P–	P–	P3,933,038	P741,207,789

*Excludes cash on hand.

December 31, 2020 (Audited)

	Financial Assets				Total
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Vintage Analysis	
Amortized Cost					
Cash in banks and cash equivalents*	P599,193,662	P–	P–	P–	P599,193,662
Installment contract receivables	–	–	–	12,775,747	12,775,747
Advances to officers and employees	19,080,905	–	–	–	19,080,905
Advances to agents	1,473,731	–	–	–	1,473,731
Accrued interest	333,324	–	–	–	333,324
Due from a related party	256,445	–	–	–	256,445
Other receivables	6,631,820	–	–	–	6,631,820
Refundable deposits	3,273,166	–	–	–	3,273,166
Contract assets	–	–	–	66,014,580	66,014,580
	P630,243,053	P–	P–	P78,790,327	P709,033,380

*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, 2020

	Days Past Due					Total Receivables And Contract Assets and ECL
	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	P66,014,580	P440,093	P831,678	P2,172,014	P9,331,962	P78,790,327
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, 2019

	Days Past Due					Total Receivables and Contract Assets and ECL
	Current	0-30 Days	31-60 Days	61-90 Days	Over 90 Days	
Estimated total gross carrying amount at default	P71,053,340	P—	P—	P—	P3,615,169	P74,668,509
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 and contract assets used for liquidity purposes based on contractual undiscounted cash flows, and the Group's financial liabilities based on contractual undiscounted payments.

December 31, 2020

	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	P52,543,679	P546,679,983	P—	P—	P599,223,662
Receivables	36,426,822	37,424	—	4,087,726	40,551,972
Refundable deposits	3,273,166	—	—	—	3,273,166
Equity instruments at FVTOCI:					
Golf club shares	—	—	—	34,250,000	34,250,000
Shares of stock	—	—	—	9,624,723	9,624,723
Contract assets	—	—	33,652,339	32,362,241	66,014,580
	92,243,667	546,717,407	33,652,339	80,324,690	752,938,103
Financial Liabilities					
Liabilities at amortized cost:					
Accounts payable and other liabilities*	17,072,319	37,140,654	1,262,334	—	55,475,307
Liquidity position (gap)	P75,171,348	P509,576,753	P32,390,005	P80,324,690	P697,462,796

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	22,936,142	3,958,593	4,077,586	—	30,972,321
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
Contract assets	22,319,162	6,153,117	18,459,351	24,121,710	71,053,340
	99,834,091	516,232,905	22,536,937	67,330,168	705,934,101
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)	P80,170,720	P478,327,596	P21,275,859	P67,330,168	P647,104,343

*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 equity investments at FVTOCI by using stock market index fluctuations and its effect to respective share prices.

In 2020 and 2019, 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 ₱4.40 million and ₱4.30 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 gain of ₱0.06 million and foreign exchange loss of ₱0.32 million in March 31, 2021 and Dec. 31, 2020, respectively. The exchange rate of Peso to US\$ as of December 31, 2020, 2019 and 2018 used in translating the US\$-denominated financial instruments is ₱48.02, ₱50.64 and ₱52.58, 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:

2020		2019	
Movement in US\$ rates	Effect on net loss	Movement in US\$ rates	Effect on net
+5%	(₱308,879)	+4%	(₱232,788)
-5%	308,879	-4%	232,788

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, Refundable Deposits and Accounts Payable and Other Liabilities

The carrying amounts of cash and cash equivalents, 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:

	March 31, 2021 (Unaudited)		Dec. 31, 2020 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Equity investments at FVTOCI				
Golf club shares	P34,250,000	P34,250,000	P34,250,000	P34,250,000
Shares of stock	8,557,171	8,557,171	9,624,723	9,624,723
Installment contract receivables	3,933,038	3,933,038	9,331,962	9,331,962
Total	P46,740,209	P46,740,209	P53,206,685	P53,206,685

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, 20120 and 2019, 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.

24. 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 2020 and 2019.

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

	March 31, 2021 (Unaudited)	Dec. 31, 2020 (Audited)
Common stock	P601,389,569	P601,389,569
Subscribed common stock - net	76,292,500	76,292,500
Additional paid-in capital	72,272,140	72,272,140
Retained earnings	868,038,979	859,390,177
Treasury stock	(4,961,650)	(4,961,650)
	P1,613,031,538	P1,604,382,736

25. 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 pertains 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, 2020.

March 31, 2021 (Unaudited)

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P51,046,755	P–	P–	P–	P51,046,755
Loss before income tax	(4,690,378)	(3,567,446)	(8,257,824)	–	(8,257,824)
Benefit from income tax	(320,178)	–	(320,178)	–	(320,178)
Net loss	(P4,370,200)	(P3,567,446)	(P7,937,646)	P–	(P7,937,646)
Assets					
Segment assets (excluding investment in subsidiary)	P1,352,890,260	P1,472,929,234	P2,825,819,494	(P905,200,241)	P1,920,619,253
Investment in a subsidiary	–	322,298,000	322,298,000	(322,298,000)	–
	P1,352,890,260	P1,795,227,234	P3,148,117,494	(P1,227,498,241)	P1,920,619,253
Other segment information					
Segment liabilities	P1,201,531,577	P6,062,316	P1,207,593,893	(P905,200,241)	P302,393,652
Depreciation and amortization	1,677,736	867,779	2,545,515	–	2,545,515
Interest income	3,296,840	9,015,631	12,312,471	–	12,312,471

December 31, 2020 (Audited)

	Real Estate Development	Investments	Total	Eliminations	Consolidated
Segment results					
Revenue from real estate sales	P51,046,755	P–	P–	P–	P51,046,755
Loss before income tax	(4,690,378)	(3,567,446)	(8,257,824)	–	(8,257,824)
Benefit from income tax	(320,178)	–	(320,178)	–	(320,178)
Net loss	(P4,370,200)	(P3,567,446)	(P7,937,646)	P–	(P7,937,646)
Assets					
Segment assets (excluding investment in subsidiary)	P1,352,890,260	P1,472,929,234	P2,825,819,494	(P905,200,241)	P1,920,619,253
Investment in a subsidiary	–	322,298,000	322,298,000	(322,298,000)	–
	P1,352,890,260	P1,795,227,234	P3,148,117,494	(P1,227,498,241)	P1,920,619,253
Other segment information					
Segment liabilities	P1,201,531,577	P6,062,316	P1,207,593,893	(P905,200,241)	P302,393,652
Depreciation and amortization	1,677,736	867,779	2,545,515	–	2,545,515
Interest income	3,296,840	9,015,631	12,312,471	–	12,312,471

26. 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.

27. 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 as of December 31, 2020 and 2019, respectively (see Note 13). These are expected to be settled in 2021.

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 2020. 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 2020, the Subsidiary renewed the lease for another year. The Subsidiary 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.**

The Group recognized short-term lease amounted to ₱2.57 million and ₱2.34 million in 2020 and 2019, respectively, and related rent expense amounted to ₱2.32 in 2018 (see Notes 14 and 15).

28. Continuing COVID-19 Pandemic

On March 11, 2020, the World Health Organization has declared the novel coronavirus (COVID-19) outbreak a global pandemic. In the Philippines, 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. Various stages of quarantine were imposed since then, which restricted various economic activities. As of May 5, 2021, the country is under the modified enhanced community quarantine (MECQ), which allows certain offices or industries to operate at full or partial capacity. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

These measures have caused disruptions to businesses, global supply chain, and economic activities, and its impact continues to evolve.

The scale and duration of these developments remain uncertain as at the report date. It is not possible to estimate the overall impact of the outbreak's near-term and longer effects, however, the Group has already incurred and will continue to incur costs as the Group continues to mitigate the adverse impact of the outbreak on its operations. The outbreak could have a material impact on the consolidated financial results for the rest of 2021 and even periods thereafter. Considering the evolving nature of the pandemic, the Group will continue to monitor the situation.