ANCHOR LAND

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Anchor Land Holdings, Inc.** (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

CHARLES STEWART SZE LEE
Chairman of the Board

STEVE LI
Vice Chairman of the Board/Chief Executive Officer

NEIL Y. CHUA
Treasurer

Signed this 24th day of March 2023

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number
CS200411593

COMPANY NAME
ANCHOR LAND HOLDINGS, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*
15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
pacisreyes@pacisreyes.com	(02) 8844-3906	0932-8555056

No. of Stockholders	Annual Meeting (Month/Day)	Fiscal Year (Month / Day)
90	July 15	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Christine P. Base	cpbase@legisforum.com	8844-3906	0917-8952184

CONTACT PERSON's ADDRESS

8F, Chatham House, 116 Valero St. Salcedo Village, Makati City

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

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

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SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

Opinion

We have audited the parent company financial statements of Anchor Land Holdings, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements of Anchor Land Holdings, Inc. as at December 31, 2022 and 2021 and for the years then ended are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the parent company financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of these parent company financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements.

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

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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Anchor Land Holdings, Inc. in a separate schedule. Revenue Regulations 15-2010 requires the information to be presented in the notes to parent company financial statements. Such information is not a required part of the basic parent company financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

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Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 27, 2023

ANCHOR LAND HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱178,221,129**	₱71,578,690
Receivables (Note 5)	**61,052,444**	75,169,354
Real estate for development and sale (Note 6)	**160,835,019**	206,546,109
Receivables from related parties (Note 13)	**3,093,603,465**	2,845,779,297
Other current assets (Note 7)	**86,584,606**	88,757,103
	3,580,296,663	3,287,830,553
Noncurrent Assets		
Receivables - net of current portion (Note 5)	**43,854,118**	40,509,212
Investments in subsidiaries (Note 8)	**745,407,229**	745,407,229
Property and equipment (Note 9)	**119,249,614**	53,256,627
Deferred tax assets - net (Note 17)	**34,814,034**	35,685,716
Other noncurrent assets	**12,919,022**	4,799,194
	956,244,017	879,657,978
	₱4,536,540,680	₱4,167,488,531
LIABILITIES AND EQUITY		
Current Liabilities		
Current portion of loans payable (Note 11)	**₱102,954,634**	₱304,443,184
Accounts and other payables (Note 10)	**84,106,615**	53,601,834
Lease liability - current portion (Note 20)	**25,363,653**	23,354,884
Customers' deposits (Note 12)	**21,737,746**	29,037,225
	234,162,648	410,437,127
Noncurrent Liabilities		
Loans payable - net of current portion (Note 11)	**3,241,170**	4,698,167
Lease liability - net of current portion (Note 20)	**69,990,993**	8,502,600
Pension liabilities (Note 16)	**61,837,837**	71,789,838
	135,070,000	84,990,605
	369,232,648	495,427,732
Equity (Note 18)		
Capital stock		
Common stock	**1,040,001,000**	1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Other comprehensive income - net of tax (Note 16)	**67,467,674**	49,876,081
Retained earnings		
Unappropriated	**1,080,485,074**	1,602,829,434
Appropriated	**1,000,000,000**	–
	4,167,308,032	3,672,060,799
	₱4,536,540,680	₱4,167,488,531

See accompanying Notes to Parent Company Financial Statements.

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ANCHOR LAND HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Real estate sales	**₱94,192,886**	₱11,790,103
Dividend income (Notes 5, 8 and 13)	**450,000,000**	10,050,000
Interest and other income (Notes 4, 5, 13 and 14)	**243,316,728**	216,584,187
	787,509,614	238,424,290
COSTS AND EXPENSES		
Real estate (Notes 6 and 15)	**45,711,090**	5,910,598
Selling and administrative (Note 15)	**176,343,928**	158,433,660
Finance costs (Notes 11, 16, and 20)	**11,851,221**	21,475,351
	233,906,239	185,819,609
INCOME BEFORE INCOME TAX	**553,603,375**	52,604,681
PROVISION FOR INCOME TAX (Note 17)	**27,414,355**	21,626,180
NET INCOME	**526,189,020**	30,978,501
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gain on pension liabilities (Note 16)	**23,455,458**	15,596,519
Income tax effect (Note 17)	**(5,863,865)**	(1,258,631)
	17,591,593	14,337,888
TOTAL COMPREHENSIVE INCOME	**₱543,780,613**	₱45,316,389

See accompanying Notes to Parent Company Financial Statements.

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ANCHOR LAND HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 18)	Preferred Stock (Note 18)	Additional Paid-in Capital	Other Comprehensive Income	Retained Earnings (Note 18) Appropriated	Retained Earnings (Note 18) Unappropriated	Total
At January 1, 2022	**₱1,040,001,000**	**₱346,667,000**	**₱632,687,284**	**₱49,876,081**	**₱–**	**₱1,602,829,434**	**₱3,672,060,799**
Net income	–	–	–	–	–	**526,189,020**	**526,189,020**
Other comprehensive income	–	–	–	**17,591,593**	–	–	**17,591,593**
Total comprehensive income	–	–	–	**17,591,593**	–	**526,189,020**	**543,780,613**
Dividends declared (Note 18)	–	–	–	–	–	**(48,533,380)**	**(48,533,380)**
Appropriated during the year	–	–	–	–	**1,000,000,000**	**(1,000,000,000)**	–
At December 31, 2022	**₱1,040,001,000**	**₱346,667,000**	**₱632,687,284**	**₱67,467,674**	**₱1,000,000,000**	**₱1,080,485,074**	**₱4,167,308,032**
At January 1, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱35,538,193	₱–	₱1,620,384,313	₱3,675,277,790
Net income	–	–	–	–	–	30,978,501	30,978,501
Other comprehensive loss	–	–	–	14,337,888	–	–	14,337,888
Total comprehensive income	–	–	–	14,337,888	–	30,978,501	45,316,389
Dividends declared (Note 18)	–	–	–	–	–	(48,533,380)	(48,533,380)
At December 31, 2021	₱1,040,001,000	₱346,667,000	₱632,687,284	₱49,876,081	₱–	₱1,602,829,434	₱3,672,060,799

See accompanying Notes to Parent Company Financial Statements.

ANCHOR LAND HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱553,603,375**	₱52,604,681
Adjustments for:		
Depreciation and amortization (Notes 9 and 15)	**55,237,921**	39,863,782
Finance costs (Notes 11, 16 and 20)	**11,851,221**	21,475,351
Pension costs (Note 16)	**9,906,786**	11,585,878
Dividend income (Notes 5 and 13)	**(450,000,000)**	(10,050,000)
Interest income (Note 14)	**(2,878,086)**	(3,434,262)
Operating income before changes in working capital	**177,721,217**	112,045,430
Decrease (increase) in:		
Receivables	**722,004**	96,460,412
Real estate for development and sale	**45,711,090**	5,623,487
Other current assets	**28,744,023**	4,063,635
Utility and security deposits	**(8,205,014)**	1,104,998
Decrease in:		
Accounts and other payables	**(15,907,096)**	(7,289,352)
Customers' deposits	**(7,299,479)**	(1,494,720)
Net cash generated from operations	**221,486,745**	210,513,890
Interest received	**2,878,086**	3,434,262
Income taxes paid *(including creditable withholding taxes)*	**(12,398,092)**	(12,744,879)
Interest paid	**(3,380,588)**	(16,601,429)
Net cash provided by operating activities	**208,586,151**	184,601,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in receivables from related parties	**(247,824,168)**	(869,901,229)
Dividends received (Notes 5 and 13)	**460,050,000**	501,300,000
Additions to:		
Property and equipment (Note 9)	**(16,950,587)**	(2,361,768)
Software costs	**(327,321)**	(614,286)
Net cash provided by (used in) investing activities	**194,947,924**	(371,577,283)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for lease liability (Note 20)	**(45,412,709)**	(25,005,100)
Payments of:		
Loans	**(404,971,297)**	(155,911,487)
Dividends (Note 18)	**(48,533,380)**	(48,533,380)
Proceeds from loan availments	**202,025,750**	400,000,000
Net cash provided by (used in) financing activities (Note 21)	**(296,891,636)**	170,550,033
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**106,642,439**	(16,425,406)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**71,578,690**	88,004,096
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱178,221,129**	₱71,578,690

See accompanying Notes to Parent Company Financial Statements.

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ANCHOR LAND HOLDINGS, INC.
NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information and Authorization for the Issuance of the Financial Statements

Corporate Information
Anchor Land Holdings, Inc. (the Parent Company) was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on July 29, 2004. The Parent Company is primarily organized to buy, own, acquire, lease, exchange or otherwise deal in real estate and develop, improve, subdivide, operate or manage such real estate so acquired and to erect or cause to be erected on any land owned, held, or occupied by the Parent Company, housing projects, buildings or other structures, engage and develop condominium project on any land and/or building held or occupied by the corporation and to lease, mortgage and sell the same. The Parent Company started operations on November 25, 2005 and eventually traded its shares to the public in August 2007. The registered office address of the Parent Company is at 15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City.

Authorization for the Issuance of the Financial Statements
The parent company financial statements as at December 31, 2022 and 2021, and for the years then ended, were approved and authorized for issuance by the Board of Directors (BOD) on March 27, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The parent company financial statements have been prepared using the historical cost basis. The parent company financial statements are presented in Philippine Peso (₱), the Parent Company's functional currency. All amounts are rounded to the nearest peso, except when otherwise indicated.

The accompanying parent company financial statements have been prepared under the going concern assumption. Considering the evolving nature of the COVID-19 pandemic with its inherent uncertainties on businesses, the Parent Company will continue to monitor the situation and adopt appropriate risk management procedures and business continuity strategies in order to mitigate the its adverse impact.

The accompanying parent company financial statements, are prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following reporting reliefs issued and approved by the Philippine SEC under Memorandum Circular No. 34-2020 in response to the COVID-19 pandemic:

a. Deferral of the application of Philippine Interpretations Committee (PIC) Q&A No. 2018-12, *Accounting for significant financing component* and the *exclusion of land in the calculation of percentage of completion*; and
b. Deferral of the application of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under Philippine Accounting Standards (PAS) 23, *Borrowing Cost.*

SEC Memorandum Circular No. 34-2020 further allowed the deferral of application of these accounting pronouncements for another three years, or until December 31, 2023.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of Note 2. PFRSs include PFRS, PAS and Interpretations issued by the PIC.

Certain reclassifications in the presentation of balances have been made to conform with current year presentations.

The Parent Company also prepares and issues consolidated financial statements for the same period as a separate set of financial statements prepared in compliance with PFRSs which are available at the 15th Floor, L.V. Locsin Building, 6752 Ayala Avenue corner Makati Avenue, Makati City, ALHI's principal place of business.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Company's statutory financial statements are consistent with those of the previous financial years, except for the following new and amended PFRSs which were adopted beginning January 1, 2022. The adoption of these pronouncements did not have any significant impact to the Company's statutory statements of financial position and performance unless otherwise indicated.

- 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.

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

  The amendments prohibit entities deducting from the cost of an item of property 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.

- 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.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

    The amendments permit 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. These amendments are also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

    The amendments clarify 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 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 amendments.

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

    The amendments remove 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.

<u>Standards and Interpretation Issued but Not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect the future adoption of these pronouncements to have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact to the parent company financial statements.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact to the Parent Company.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Parent Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- 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

  On December 15, 2021, the Financial Reporting Standards Council (FRSC) amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, 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 FRSC deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Parent Company does not expect these amendments to have significant impact to the parent company financial statements because it does not currently have interests in 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 Securities and Exchange Commission (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
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E	Until December 31, 2023

  The SEC MC 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 PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component.

The Parent Company availed of the SEC reliefs to defer the above specific provisions of PIC Q&A No. 2018-12. Had these provisions been adopted, the Parent Company assessed that the impact would have been as follows:

- 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. Adoption of this guidance is not expected to have a significant impact to the parent company financial statements since the projects are already fully completed.

- The exclusion of land in the determination of POC does not have an impact on the parent company financial statements since all projects were completed already.

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

On July 8, 2021, Philippine SEC issued SEC MC No. 14 - 2021 that provided accounting policy option of applying either full retrospective approach or modified retrospective approach when applying the above provisions of PIC Q&A 2018-12.

- *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)*

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Parent Company current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023. Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC Agenda Decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

  The IFRIC Agenda Decision would not impact the Parent Company since there are no projects with ongoing construction and pre-selling activities.

Summary of Significant Accounting Policies
The following accounting policies were applied in the preparation of the parent company financial statements:

Current and Noncurrent Classification
The Parent Company presents assets and liabilities in the parent company statements of financial position based on current or noncurrent classification.

An asset is classified as current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months from the reporting date; or,
- cash and cash equivalents, unless restricted from being exchanged or used to settle a liability for at least within 12 months from the reporting date.

A liability is classified as current when:

- it is expected to be settled within the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months from the reporting date; or,
- there is no unconditional right to defer settlement of the liability for at least 12 months from the reporting date.

The Parent Company classifies all other assets and liabilities as noncurrent.

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

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash in banks are stated at face amount and earn interest at the prevailing bank deposit rates. 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 and that are subject to an insignificant risk of changes in value.

Financial Instruments
Date of recognition
The Parent Company recognizes a financial asset or liability in the parent company statements of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

a. Financial assets
   Initial recognition and measurement
   Financial assets are classified, at initial recognition, as financial asset at amortized cost, FVTOCI and fair value through profit or loss (FVTPL).

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables, except for installment contracts receivable, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on revenue from contracts with customers.

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

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

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

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

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

- Financial assets at amortized cost
- 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)
- Financial assets at FVTPL

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are 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 Parent Company's financial assets at amortized cost include cash and cash equivalents, installment contracts receivable, dividends receivable, due from condominium associations, other receivables, receivables from related parties and deposits.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Parent Company of similar financial assets) is primarily derecognized (i.e., removed from the parent company statements of financial position) when:

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

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

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

Impairment of financial assets
The Parent Company 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 Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Parent Company applies a simplified approach in calculating ECLs. Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company uses the vintage analysis for instalment contracts receivable and established provision matrix for the rest of the receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been an SICR since origination, the allowance will be based on the lifetime ECLs. The Parent Company uses external credit ratings of the banks to assess whether the financial instrument has an SICR and to estimate ECLs.

The key inputs in the model include the Parent Company's definition of default and historical data of five years for the origination, maturity date and default date. The Parent Company considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

The Parent Company has aligned its SICR criteria with the presumption indicated within PFRS 9, that is, the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Parent Company's financial liabilities include "Accounts and other payables" (except "Taxes payable"), "Lease liability" and "Loans payable" and other liabilities that meet the above definition (other than liabilities covered by other accounting standards).

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 parent company statements of comprehensive income.

c. Offsetting Financial Instruments
Financial assets are offset and the net amount reported in the parent company statements of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

<u>Real Estate for Development and Sale</u>
Real estate for development and sale is constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. It is held as inventory and is measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and estimated costs to sell.

Cost includes the purchase price of land and costs incurred for the development and improvement of the properties such as amounts paid to contractors, capitalized borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Advances to Contractors and Suppliers and Retention Payable
Amounts paid to contractors and suppliers in advance are not part of real estate for development and sale but presented as “Advances to contractors and suppliers” under “Other current assets” in the parent company statements of financial position.

Advances to contractors and suppliersis carried at cost less any impairment in value.

Advances to contractors and suppliers are classified based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for (e.g. real estate for development and sale, investment properties).

Portion of the contractors’ progress billings which are withheld by the Parent Company are presented as “Retention payable” under “Accounts and other payables” in the parent company statements of financial position. These serve as security from the contractor should there be defects in the project and will be released after the satisfactory completion of the contractors’ work.

Creditable Withholding Tax
Creditable withholding tax pertains to the amounts withheld from income derived from real estate sales which can be applied against income tax payable.

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 parent company statements of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statements of financial position to the extent of the recoverable amount.

Prepaid Expenses
Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments of insurance premiums, rents, creditable tax withheld and real property taxes. These also include deferred portion of commissions paid to sales or marketing agents that are yet to be charged to the period the related revenue is recognized.

Investments in Subsidiaries
The Parent Company’s investments in subsidiaries are accounted for at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity in which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of 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 its returns.

When the Parent Company has less than the majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee;
(b) Rights arising from other contractual arrangements; and,
(c) The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

Property and Equipment
Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. When significant parts of property and equipment are required to be replaced in intervals, the Parent Company recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged against current operations as incurred.

The Parent Company's classifies right-of-use assets as part of property and equipment. The Parent Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Depreciation of property and equipment commences once the property and equipment are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the property and equipment as follows:

	Years
Office equipment	2 - 5
Furniture and fixtures	2 - 5
Transportation equipment	3 - 5

Leasehold improvements are amortized on a straight-line basis over term of the lease or the EUL of the asset of 2 to 5 years.

Unless the Parent Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are amortized on a straight-line basis over the term of lease up to six (6) years.

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

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization, and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

Software Costs
Costs that are directly associated with identifiable and unique software controlled by the Parent Company and will generate economic benefits exceeding costs beyond one year, are recognized as intangible assets to be measured at cost less accumulated amortization and accumulated impairment, if any. Otherwise, such costs are recognized as expense as incurred.

Software costs, recognized as assets, are amortized using the straight-line method over their EUL of five years. Where an indication of impairment exists, the carrying amount of software costs is assessed and written down immediately to its recoverable amount. Recoverable amount is the greater of an asset's fair value less costs to sell, or its value in use. Value in use refers to the present value of future cash flows expected to be derived from an asset.

Impairment of Nonfinancial Assets
The Parent Company assesses at each reporting date whether there is an indication that its nonfinancial assets (i.e., advances to contractors and suppliers, investments in subsidiaries, property and equipment and software costs) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes an estimate of the asset’s recoverable amount.

An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal 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 group of assets.

Advances to contractors and suppliers
Advances to contractors and suppliers are recouped every progress billing payment depending on the percentage of accomplishment.

Investments in subsidiaries
The Parent Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. If this is the case, the Parent Company calculates the amount of impairment as being the difference between the recoverable amount of the investments in subsidiaries and the carrying costs and recognizes the amount in profit or loss.

Property and equipment and software costs
An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal 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 group 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

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 recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the 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. After such reversal, the depreciation and amortization charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Customers' Deposits
Customers' deposits represent mainly reservation fees and advance payments from real estate buyers. These deposits will be recognized as revenue in profit or loss once the revenue recognition threshold is met and the related obligations are fulfilled to the real estate buyers. This is treated as contract liabilities of the Parent Company.

Equity
Capital stock is measured at par value for all shares issued. When the Parent Company issues more than one class of share, a separate account is maintained for each class of share and the number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital". When the shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Parent Company, the shares are measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. The transaction costs of an equity transaction are accounted for as deductions from equity (net of related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognized as an expense.

Retained earnings represent the cumulative balance of net income or loss, net of any dividend declaration.

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. The Parent Company's OCI pertains to remeasurement gains and losses arising from a defined benefit plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contract with Customers

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 Parent Company expects to be entitled in exchange for those goods or services. The Parent Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Parent Company has concluded that it is acting as principal in majority of its revenue arrangements.

The disclosures of significant accounting judgments and the use of estimates relating to revenue from contracts with customers are provided in Note 3.

Real estate sales

For real estate sales, the Parent Company assesses whether it is probable that the economic benefits will flow to the Parent Company when the sales prices are collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs, after considering the impact of the COVID-19 pandemic, if it would still support its current threshold of buyer's equity before commencing revenue recognition.

The Parent Company derives its real estate revenue from sale of condominium and townhouse units. Revenue from sales of completed real estate project is accounted using the full accrual method. Revenue from the sale of uncompleted real estate projects are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Parent Company's performance does not create an asset with an alternative use and the Parent Company has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Parent Company uses the output method. The Parent Company recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by the project engineers as approved by the construction manager which integrates the surveys of performance to date of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

If any of the criteria under the full accrual or POC method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are likewise considered as contract liabilities which is presented under the "Customers' deposits" account in the parent company statements of financial position.

Information about the Parent Company's Performance Obligation

The Parent Company entered into contract to sell with one identified performance obligation which is the sale of the condominium unit together with the services to transfer the title to the buyer for a corresponding contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Payment commences upon signing of the contract to sell and the consideration is payable in cash or under a financing scheme entered with the customer. The financing scheme would include payment of certain percentage of the contract price spread over a certain period (e.g. 4 to 7 years) at a fixed monthly payment with the remaining balance payable in full at the end of the period either through cash or external financing. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction.

The Parent Company provides a quality assurance warranty which is not treated as a separate performance obligation.

Management fee income
The Parent Company provides business development, management and administrative services to its subsidiaries and charges fee for such services. Management fee is determined by the Parent Company and allocated based on the available and most appropriate driver (i.e., revenue). The amount of management fees are recognized as income on the parent company statements of comprehensive income.

Dividend income
Dividend income is recognized when the Parent Company's right to receive payment is established.

Interest and other income
Interest is recognized as it accrues (using the EIR method, i.e., based on the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset). Other income includes management fee income and income from forfeited reservations and collections as well as penalties and other surcharges billed against defaulted installment contracts receivable.

Income from forfeitures (e.g. collections) is recognized upon default of potential buyers, subject to provision of Republic Act (RA) No. 6552, *Realty Installment Buyer Protection Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Costs and Expenses
Costs and expenses are recognized in the parent company statements of comprehensive income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Costs and expenses are recognized in the parent company statements of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the parent company statements of financial position as an asset.

Cost of condominium units
The Parent Company recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees, 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 cost of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue.

Selling and administration expenses
Selling expenses are costs incurred to sell real estate inventories, which includes advertising and promotions, among others. Administrative expenses constitute costs of administering the business. Except for commission (see disclosure in "Costs to obtain a contract" for the accounting of commission), selling and administrative expenses are expenses as incurred.

Contract Balances
Installment contract receivable
An installment contracts receivable represents the Parent Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). It also includes the difference between the consideration received from the customer and the transferred goods or services to a customer. If the Parent Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, amount is classified as installment contracts receivable.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Parent Company has received consideration from the customer. If a customer pays consideration before the Parent Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized based on the revenue recognition accounting policy.

The contract liabilities includes excess of collections over the total recognized instalment contract receivables based on POC and collections from customers for which revenue recognition has not yet commenced.

Contract liabilities is shown as part of the "Customers' deposits" account in the parent company statements of financial position.

Costs to obtain a contract
The costs of obtaining a contract with a customer are recognized as an asset if the Parent Company expects to recover them. The Parent Company has determined that commissions paid to brokers and 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 administrative expenses" account under "Costs and Expenses" in the parent company statements of comprehensive income.

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

Contract fulfilment assets
Contract fulfilment 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 Parent Company 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 fulfilment costs, the Parent Company applies the following criteria which if met, result in capitalization (i) costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) 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) costs are expected to be recovered. The assessment of this criteria requires the application of judgement particularly in determining whether costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Parent Company amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using POC following the pattern of real estate revenue recognition. The amortizations of contract fulfilment assets and capitalized costs to obtain a contract are included in the “Real estate” and “Selling and administrative” accounts under “Costs and Expenses” in the parent company statements of comprehensive income.

A contract fulfillment asset or capitalized costs capitalized to obtain a contract is derecognized 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 Parent Company determines whether there is an indication that a contract fulfillment asset may be impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the asset to the remaining amount of consideration that the Parent Company expects to receive less those costs that relate to providing services under the contract. In determining the estimated amount of consideration, the Parent Company uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price is removed when testing for impairment.

In case the relevant costs demonstrate indicators of impairment, judgement is required in ascertaining the future economic benefits from these contracts as sufficient to recover the relevant assets.

Borrowing Costs
Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in “Real estate for development and sale” account in the parent company statements of financial position). Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

All other borrowing costs are expensed in the period in which they are incurred.

Pension Liabilities
The Parent Company has an unfunded, noncontributory defined benefit retirement plan covering all of its qualified employees. The Parent Company's pension liability is the aggregate of the present value of the defined benefit obligation at the reporting date.

The cost of providing benefits under the defined benefit plan is actuarially determined using the projected unit credit method.

Pension costs comprise the following:

- Service cost
- Interest on the pension liability
- Remeasurements of pension liability

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 annually by independent qualified actuaries.

Interest on the pension liability is the change during the period in the pension liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the pension liability. Interest on the pension liability is recognized in the parent company statements of comprehensive income as "Finance cost".

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Leases
The Parent Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Parent Company as a lessor
Leases where the lessor does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Parent Company considers, among others, the significance of the lease term as compared with the EUL of the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived.

Lease modification
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Parent Company as a lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Lease liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Parent Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 to leases of office equipment that are considered of low value (i.e., ₱250,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

<u>Income Taxes</u>
Current taxes
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered 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 as at the reporting date.

Deferred taxes
Deferred income tax is provided using the liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and its carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of 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 future taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from MCIT and unused

NOLCO can be utilized. Deferred tax, however is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting income nor taxable income.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures.

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 future taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial 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 tax assets and liabilities are measured at the tax rate that is 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 as of reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

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

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

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

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

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

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

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

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

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

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

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of the auditor's report that provides additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

3. Significant Accounting Judgments and Use of Estimates

The preparation of the parent company financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements. The judgments and estimates used in the parent company financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the parent company financial statements. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the parent company financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

Leases
The Parent Company applied the following judgments that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of lease term of contracts with renewal options – Parent Company as a lessee
The Parent Company has several lease contracts that include extension options. The Parent Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal. After the commencement date, the Parent Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Real estate revenue recognition

Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. It has determined, however, that in cases wherein contract to sell is not signed by both parties, the other signed documentations such as purchase agreement and reservation application would contain all the criteria to qualify as contract with the customer under PFRS 15.

Management also considers the selling prices of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties in determining the transaction price.

Equity threshold
Part of the Parent Company's assessment process before revenue recognition is to assess the probability that the Parent Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the seller. Collectability is also assessed by considering factors such as past history with the buyer, and the pricing of the property. Management regularly evaluates the historical sales cancellations and back-outs if it would still support its current threshold of buyer's equity before commencing revenue recognition.

Impairment testing of financial assets

Definition of default and credit-impaired assets
The Parent Company defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria
The Parent Company has applied the presumption indicated within PFRS 9 pertaining to the default definition; that is, default of a financial instrument does not occur later than when a financial asset is 90 days past due.

Qualitative criteria
The counterparty meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The counterparty is in long-term forbearance;
- The counterparty is deceased;
- The counterparty is insolvent;
- The counterparty is in breach of financial covenant(s);
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been granted by the Parent Company relating to the counterparty's financial difficulty;
- It is becoming probable that the counterparty will enter bankruptcy; or
- Financial assets are purchased or originated at a deep discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Parent Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default, exposure at default and loss given default throughout the Parent Company's expected loss calculations.

An instrument is considered to no longer be in default (i.e., to have cured) when it no longer meets any of the default criteria for a consecutive period of six months.

Impairment of nonfinancial assets
The Parent Company assesses impairment on its nonfinancial assets (i.e., advances to contractors and suppliers, investments in subsidiaries, property and equipment and software costs) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As at December 31, 2022 and 2021, carrying values are as follow:

	2022	2021
Advances to contractors and suppliers (Note 7)	**₱18,694,842**	₱15,034,157
Investments in subsidiaries (Note 8)	**745,407,229**	745,407,229
Property and equipment (Note 9)	**119,249,614**	53,256,627
Software costs*	**373,466**	458,653

**Included under other noncurrent assets*

Management assessed that there are no indicators of impairment for the Parent Company's nonfinancial assets as at December 31, 2022 and 2021.

Management's Use of Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the 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.

Estimating NRV of real estate inventories

The Parent Company reviews the NRV of real estate inventories, which are recorded under "Real estate for development and sale" in the parent company statements of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate for development and sale are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Parent Company in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory 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 an estimate of the time value of money to the date of completion.

The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date to the extent that such events confirm conditions existing at the reporting date, including the impact of the COVID-19 pandemic to selling prices of real estate properties. Real estate for development and sale are carried at cost with carrying values amounting to ₱160.84 million and ₱206.55 million as at December 31, 2022 and 2021, respectively (see Note 6).

Recognition of deferred tax assets

The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future planning strategies. The Parent Company assessed its projected performance in determining the sufficiency of future taxable profit.

Deferred tax assets recognized amounted to ₱57.85 million and ₱43.36 million as at December 31, 2022 and 2021, respectively (see Note 17).

The Parent Company has no unrecognized deferred tax assets as at December 31, 2022 and 2021 (see Note 17).

Estimating pension cost and obligation

The determination of the Parent Company's obligation and retirement cost is dependent on selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions include among others, discount rates and rates of salary increase. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect retirement obligations. As at December 31, 2022 and 2021, the present value of benefit obligation amounted to ₱61.84 million and ₱71.79 million, respectively. Net pension cost amounted to ₱13.50 million in 2022 and ₱14.82 million in 2021 (see Note 16).

Leases - Estimating the incremental borrowing rate
The Parent Company cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Parent Company 'would have to pay', which requires estimation when no observable rates are available. The Parent Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as its stand-alone credit rating). As at December 31, 2022 and 2021, lease liabilities of the Parent Company amounted to ₱95.35 million and ₱31.86 million, respectively (see Note 20).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand	**₱298,000**	₱213,000
Cash in banks	**177,923,129**	71,365,690
	₱178,221,129	₱71,578,690

Cash in banks earn interest at the prevailing bank deposit rates. The carrying value of cash and cash equivalents approximates their fair value as of reporting date.

Interest income earned from cash in banks and cash equivalents amounted to ₱0.14 million in 2022 and ₱0.20 million in 2021 (see Note 14).

5. Receivables

	2022	2021
Installment contracts receivable - net of unamortized discount	**₱95,028,029**	₱92,783,149
Dividends receivable (Notes 8 and 13)	**–**	10,050,000
Due from condominium associations	**5,528,668**	7,328,668
Others	**6,723,886**	7,890,770
	107,280,583	118,052,587
Less allowance for impairment losses	**2,374,021**	2,374,021
	104,906,562	115,678,566
Less noncurrent portion of installment contracts receivable	**43,854,118**	40,509,212
	₱61,052,444	₱75,169,354

Installment contracts receivable consist of receivables from the sale of real estate properties. These are collectible in equal monthly principal installments over a period ranging from four to seven years depending on the agreement. Installment contracts receivable are generally noninterest-bearing. The corresponding titles to the condominium units sold under this arrangement are transferred to the buyer upon full payment of the contract price.

Dividends receivable pertain to the cash dividend declared by the Parent Company's subsidiaries Posh Properties and Development Corporation (PPDC) and Anchor Land Global Corporation (ALGC) (see Notes 8 and 13). The ₱450.00 million dividends receivable declared by PPDC in March 2022 was subsequently collected in June 2022.

Due from condominium associations pertain to janitorial, security and maintenance expenses initially paid by the Parent Company on behalf of the condominium associations. These are noninterest-bearing and payable on demand.

Others include, among others, advances to agents, and taxes and other charges incurred by the buyer for the purchase of condominium units which are initially paid by the Parent Company on behalf of the unit owners. These are noninterest-bearing and are normally settled within one year.

Allowance for impairment losses of ₱2.37 million as at December 31, 2022 and 2021 which were provided for in 2018 pertain to the Parent Company's other receivables.

Unamortized discount on installment contracts receivable
In 2022 and 2021, noninterest-bearing installment contracts receivable with a nominal amount of ₱78.13 million and ₱12.07 million, respectively, were initially recorded at fair value amounting to ₱71.59 million and ₱11.59 million, respectively. The fair value of the receivables was obtained by discounting future cash flows using the applicable rates of similar types of instruments ranging from 1.18% to 6.25% in 2022 and 1.00% to 2.15% in 2021.

Movements in the unamortized discount on installment contracts receivable follow:

	2022	2021
Balance at January 1	**₱1,703,805**	₱4,460,085
Additions	**6,539,613**	475,431
Accretion for the year (Note 14)	**(2,737,028)**	(3,231,711)
Balance at December 31	**₱5,506,390**	₱1,703,805

6. **Real Estate for Development and Sale**

	2022	2021
Balance at beginning of year	**₱206,546,109**	₱212,169,596
Additions	–	287,111
Disposals (recognized as cost of real estate sales)	**(45,711,090)**	(5,910,598)
Balance at end of year	**₱160,835,019**	₱206,546,109

Additions pertain to capitalized costs from shared projects.

Sold real estate inventories recognized as "Real estate" under "Costs and expenses" in the parent company statements of comprehensive income amounted to ₱45.71 million in 2022 and ₱5.91 million in 2021. Such cost of sales represents land and development costs of condominium and townhouse units that were realized as sales in the respective periods.

No provision for impairment was recognized in 2022 and 2021.

The Parent Company has no restrictions on the realizability of its inventories.

7. Other Current Assets

	2022	2021
Prepaid expenses	**₱62,956,656**	₱68,739,839
Advances to contractors and suppliers	**18,694,842**	15,034,157
Deposits	**4,933,108**	4,983,107
	₱86,584,606	₱88,757,103

Prepaid expenses consist mainly of creditable withholding taxes, commission and advance payments of rent, insurance premiums and real property taxes. Creditable withholding taxes will be applied against income tax due. Prepaid rent, insurance and real property taxes are amortized the following year.

Advances to contractors and suppliers represent advances and downpayments for the construction of real estate for development and sale that are recouped every progress billing payment depending on the percentage of accomplishment.

Deposits consist principally of rental and guarantee deposits which will be recovered within 12 months from the reporting date.

8. Investments in Subsidiaries

The Parent Company's subsidiaries and its related direct and/or indirect percentage ownership over these subsidiaries follow:

	Percentage of ownership					
	2022		2021			
	Direct	Indirect	Direct	Indirect	**2022**	2021
PPDC	100.00%	–	100.00%	–	**₱320,250,000**	₱320,250,000
Realty & Development Corporation of San Buenaventura	–	100.00%	–	100.00%	**–**	–
Pasay Metro Center, Inc.	–	100.00%	–	100.00%	**–**	–
Basiclink Equity Investment Corp. (BEIC)*	–	60.00%	–	60.00%	**–**	–
APC	100.00%	–	100.00%	–	**166,317,554**	166,317,554
Admiral Realty Company, Inc.	–	100.00%	–	100.00%	**–**	–
Gotamco Realty Investment Corporation (GRIC)	–	100.00%	–	100.00%	**255,676,872**	255,676,872
Irenealmeda Realty, Inc.	–	100.00%	–	100.00%	**–**	–
Nusantara Holdings, Inc.	–	100.00%	–	100.00%	**–**	–
Fersan Realty Corporation (FRC)	–	100.00%	–	100.00%	**–**	–
One Binondo Prime Properties Corp. (OBPPC)	–	100.00%	–	100.00%	**–**	–
Globeway Property Ventures, Inc.	70.00%	–	70.00%	–	**2,187,503**	2,187,503
Anchor Land Hotels & Resorts, Inc. (ALHRI)	100.00%	–	100.00%	–	**625,000**	625,000
Momentum Properties Management Corporation (MPMC)	100.00%	–	100.00%	–	**250,000**	250,000
Eisenglas Aluminum and Glass, Inc. (EAGI)	–	100.00%	–	40.00%	**–**	–
Marathon Properties Management and Holdings, Corporation (MPMHC)	–	100.00%	–	100.00%	**–**	–
ALGC	100.00%	–	100.00%	–	**100,300**	100,300
1080 Soler Corp.	–	100.00%	–	100.00%	**–**	–
Frontier Harbor Property Development, Inc. (FHPDI)	–	60.00%	–	100.00%	**–**	–
BEIC*	–	40.00%	–	40.00%	**–**	–
Teamex Properties Development Corporation (TPDC)	–	100.00%	–	100.00%	**–**	–
Wework Realty Development Corporation (WRDC)	–	100.00%	–	100.00%	**–**	–
					₱745,407,229	₱745,407,229

**BEIC is a wholly owned subsidiary of the Parent Company through PPDC and ALGC which own percentage ownership of 60% and 40%, respectively, over BEIC.*

All of the Parent Company's subsidiaries were incorporated in the Philippines.

The Parent Company and its subsidiaries (collectively called "the Group") have principal business interest in the development and sale of high-end residential condominium units and development and leasing of commercial, warehouses and office spaces. MPMC and MPMHC provide property management services to the Group's completed projects, commercial centers and buyers while EAGI is engaged in the fabrication and installation of aluminum and glass doors and windows. AFGVC was incorporated in November 2018 to engage in the Group's development and operate agricultural lands and farms.

In 2021, the Parent Company's wholly-owned subsidiary, ALGC declared dividends amounting to ₱10.05 million.

On March 18, 2022, the Parent Company's wholly-owned subsidiary, PPDC declared cash dividends amounting to ₱450.00 million.

The Parent Company's wholly-owned subsidiary, ALHRI, was incorporated and registered with the Philippine SEC on June 13, 2017 primarily to engage in the general business of a hotel, apartment hotel, inn, resort and similar undertakings to said business.

The following are the changes in the Parent Company and subsidiaries' structure for the year ended December 31, 2022:

- MPMC acquired the 40% non-controlling interests (NCI) in EAGI from a number of individuals. The acquisition resulted in an increase in the Group's ownership interest in EAGI from 60% to 100% and derecognition of NCI amounting to ₱4.71 million; and
- ALGC sold 40% of the voting shares of FHPDI to a third-party corporation. The sale resulted in a decrease in the Group's ownership interest in FHPDI from 100% to 60% and recognition of NCI directly to equity amounting to ₱0.04 million.

9. Property and Equipment

	2022					
	Leasehold Improvements	**Office Equipment**	**Furniture and Fixtures**	**Transportation Equipment**	**Right-of-Use Assets - Building-**	**Total**
Cost						
At January 1, 2021	**₱31,188,169**	**₱17,138,179**	**₱11,614,770**	**₱99,442,276**	**₱97,239,406**	**₱256,622,800**
Additions	**12,208,809**	**1,385,349**	**343,750**	**3,012,679**	**103,867,813**	**120,818,400**
At December 31	**43,396,978**	**18,523,528**	**11,958,520**	**102,454,955**	**201,107,219**	**377,441,200**
Accumulated Depreciation and Amortization						
At January 1, 2021	**29,877,455**	**16,293,303**	**9,936,415**	**79,852,895**	**67,406,105**	**203,366,173**
Depreciation and amortization (Note 15)	**526,500**	**939,966**	**482,999**	**11,325,957**	**41,549,991**	**54,825,413**
At December 31	**30,403,955**	**17,233,269**	**10,419,414**	**91,178,852**	**108,956,096**	**258,191,586**
Net Book Value	**₱12,993,023**	**₱1,290,259**	**₱1,539,106**	**₱11,276,103**	**₱92,151,123**	**₱119,249,614**

	2021					
	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Transportation Equipment	Right-of-Use Assets - Building-	Total
Cost						
At January 1, 2021	₱31,188,169	₱16,527,460	₱9,863,721	₱99,442,276	₱97,920,377	₱254,942,003
Additions	–	610,719	1,751,049	–	–	2,361,768
Reversal of right-of-use assets (Note 20)	–	–	–	–	(680,971)	(680,971)
At December 31	31,188,169	17,138,179	11,614,770	99,442,276	97,239,406	256,622,800
Accumulated Depreciation and Amortization						
At January 1, 2021	29,507,850	15,224,253	9,523,803	66,021,559	43,709,707	163,987,172
Depreciation and amortization (Note 15)	369,605	1,069,050	412,612	13,831,336	23,696,398	39,379,001
At December 31	29,877,455	16,293,303	9,936,415	79,852,895	67,406,105	203,366,173
Net Book Value	₱1,310,714	₱844,876	₱1,678,355	₱19,589,381	₱29,833,301	₱53,256,627

The Parent Company's transportation equipment with a carrying value of ₱5.29 million and ₱7.57 million as at December 31, 2022 and 2021, respectively were constituted as collateral under chattel mortgage to secure the Parent Company's vehicle financing arrangement with various financial institutions (see Note 11).

10. **Accounts and Other Payables**

	2022	2021
Accounts payable	**₱43,330,247**	₱26,414,114
Taxes payable	**35,644,892**	21,629,721
Retention payable	**818,207**	154,197
Others	**4,313,269**	5,403,802
	₱84,106,615	₱53,601,834

Accounts payable pertain to expenses incurred but not yet paid as of reporting date. These are noninterest-bearing and normally settled within one year.

Taxes payable consist of income tax payable and taxes withheld from employees and contractors, which are payable within one year.

Retention payable pertains to the portion of contractors' progress billings which are withheld and will be released after the satisfactory completion of the contractor's project. The retention payable serves as a security from the contractor should there be defects in the project. These are noninterest-bearing and are normally settled upon completion of the relevant contract arrangements.

Other payables consist of amount received from the unit owners for payment of transfer taxes and other charges in relation to the purchase of condominium unit and non-trade liabilities of the Parent Company which are settled within one year.

11. **Loans Payable**

	2022	2021
Short-term bank loans	**₱100,000,000**	₱300,000,000
Long-term loans:		
Notes payable	**6,195,804**	9,141,351
	106,195,804	309,141,351
Less current portion	**102,954,634**	304,443,184
	₱3,241,170	₱4,698,167

Short-term Bank Loans
Short-term bank loans represent various unsecured promissory notes from local banks with annual interest rates of 6.25% in 2022 and 3.30% in 2021, and are payable within one month to one year from date of issuance.

Long-term Loans
Notes payable
Notes payable represents the vehicle financing agreement availed by the Parent Company. Interest rates on these notes are 3.90% to 4.72% and 3.90% to 4.41% in 2022 and 2021, respectively. Interest expense arising from car loans amounted to ₱0.57 million and ₱0.88 million in 2022 and 2021, respectively.

The Parent Company's transportation equipment with a carrying value of ₱5.29 million and ₱7.57 million as at December 31, 2022 and 2021, respectively, are held as collateral to secure the Parent Company's notes payable (see Note 9).

12. **Customers' Deposit**

Collections from buyers are initially recognized as customers' deposits until all the relevant conditions for a sale to be recognized are met. These deposits will be applied to the related receivables once the related revenue is recognized. Customers' deposits represent the contract liabilities of the Parent Company.

As at December 31, 2022 and 2021, the outstanding balance of this account which represents contract liabilities of the Parent Company amounted to ₱21.74 million and ₱29.04 million, respectively.

13. **Related Party Transactions**

The Parent Company, in its regular conduct of business, has entered into transactions with related parties principally consisting of advances and reimbursement of expenses, development, management, marketing, leasing and administrative service agreements.

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

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

The significant related party transactions and account balances, which are generally settled in cash, unless otherwise stated, are as follows:

	2022		
	Amount/ Volume	**Outstanding Balance**	**Terms and Conditions**
Subsidiaries			
Advances to	**₱293,064,593**	**₱3,012,072,963**	**Unsecured: on demand; noninterest-bearing**
Dividend income (Notes 5 and 8)	**450,000,000**	**–**	**Unsecured: within 1 year; noninterest-bearing**
Management fee income	**236,021,493**	**81,530,502**	**Unsecured: within 1 year; noninterest-bearing**
Shareholders			
Dividends declared	**48,533,380**	**–**	**Unsecured: within 1 year; noninterest-bearing**

	2021		
	Amount/ Volume	Outstanding Balance	Terms and Conditions
Subsidiaries			
Advances to	₱770,729,052	₱2,719,008,370	Unsecured: on demand; noninterest-bearing
Dividend income (Notes 5 and 8)	10,050,000	10,050,000	Unsecured: within 1 year; noninterest-bearing
Management fee income	210,935,000	126,770,927	Unsecured: within 1 year; noninterest-bearing
Shareholders			
Dividends declared	48,533,380	–	Unsecured: within 1 year; noninterest-bearing

Joint venture agreements between the Parent Company and PPDC
On June 7, 2012, the Parent Company entered into another Joint Venture Agreement (JVA) with PPDC for the construction, development, marketing and selling of a mixed-use condominium and townhouse project located at San Juan City.

Under the JVA, the Parent Company shall contribute the land developed while PPDC shall shoulder all the expenses and costs necessary and/or incidental for the construction and development of the project and the marketing and technical expertise in the development, management and sale of the condominium units and townhouses. The parties also agreed that the Parent Company shall be entitled to the net proceeds of the sale of all townhouses while the net proceeds of the sale of all the condominium units shall be the proceeds of PPDC.

The Parent Company has a Project Development Agreement (PDA) with PPDC to develop its 6,281 square meter property located at Parañaque City, into a, mixed-use condominium project to be named Solemare Parksuites. The PDA was signed in June 2008 and was later amended in March 2009.

Under the PDA, the Parent Company shall contribute the land to be developed while PPDC shall shoulder the expenses and costs in the preparation of the plans and designs. The construction and marketing costs shall be shouldered by both parties vis-à-vis the sales proceeds entered unto their respective books. The parties also agreed that both the Parent Company and PPDC shall be entitled to the net proceeds of the sale of the condominium units, such that all sales of units sold at a price of more than ₱3.00 million shall be entered as proceeds of the former while the sales of units sold at a price of ₱3.00 million and below shall be entered as proceeds of the latter.

Both the JVA and PDA shall be managed and operated by an Executive Committee, which shall be composed of one chairman, and two representatives each from the Parent Company and PPDC, wherein the chairman shall be mutually chosen by the parties in accordance with the selection process that they will agree upon.

Key management compensation
The key management personnel of the Parent Company include all directors, executives and senior management. The details of compensation and benefits of key management personnel follow:

	2022	2021
Short-term employee benefits	**₱67,057,062**	₱69,925,322
Post-employment benefits	**6,243,749**	6,578,301
	₱73,300,811	₱76,503,623

14. Interest and Other Income

	2022	2021
Interest income from:		
Accretion of unamortized discount on installment contracts receivable (Note 5)	**₱2,737,028**	₱3,231,711
Cash and cash equivalents (Note 4)	**141,058**	202,551
	2,878,086	3,434,262
Management fee income (Note 13)	**236,102,993**	210,943,000
Other income	**4,335,649**	2,206,925
	₱243,316,728	₱216,584,187

Other income includes income from forfeited reservations and collections as well as penalties and other surcharges billed against defaulted installment contracts receivable, among others. Income from forfeitures includes both reservation fees that have prescribed from the allowable period of completing the requirements for such reservations and the forfeited collections from defaulted contracts receivables that have been assessed by the Parent Company's management as no longer refundable.

15. Costs and Expenses

Cost of real estate
Cost includes acquisition cost of land, construction costs and capitalized borrowing costs. Cost of real estate sales amounted to ₱45.71 million in 2022 and ₱5.91 million in 2021.

Selling and administrative expenses

	2022	2021
Depreciation and amortization (Note 9)	**₱55,237,921**	₱39,863,782
Salaries, wages and employee benefits (Notes 13 and 16)	**19,479,272**	21,524,505
Professional fees	**24,824,925**	24,434,316
Office and other supplies	**11,435,419**	13,062,305
Membership dues	**14,603,213**	10,839,543
Utilities	**10,129,802**	9,738,922
Representation and entertainment	**9,710,103**	5,605,477
Sales and marketing	**8,856,953**	4,742,074
Transportation and travel	**4,980,064**	3,212,816
Taxes and licenses	**4,952,116**	12,572,379
Rental (Note 20)	**3,718,322**	4,615,579
Communication	**3,233,099**	3,953,474
Others	**5,182,719**	4,268,488
	₱176,343,928	₱158,433,660

16. **Pension Plan**

The Parent Company has an unfunded, noncontributory defined benefit plan covering all of its qualified employees. The benefits are based on the projected retirement benefit of 22.5 days pay per year of service in accordance with RA No. 7641, *Retirement Pay Law*. An independent actuary conducts an actuarial valuation of the retirement benefit obligation using the projected unit credit method.

The components of pension costs (included in “Salaries, wages and employees benefits” under “Selling and administrative expenses” and in “Finance costs”) follow:

	2022	2021
Current service cost	**₱9,906,786**	₱11,585,878
Interest cost on benefit obligation	**3,596,671**	3,236,360
	₱13,503,457	₱14,822,238

Movements in the present value of the defined benefit obligation (DBO) follow:

	2022	2021
Balance at January 1	**₱71,789,838**	₱72,564,119
Net benefit cost in profit or loss		
Current service cost	**9,906,786**	11,585,878
Interest cost	**3,596,671**	3,236,360
	13,503,457	14,822,238
Remeasurements in OCI		
Actuarial changes arising from experience adjustments	**(6,469,315)**	(10,688,082)
Actuarial changes arising from changes in financial assumptions	**(16,986,143)**	(5,101,648)
Actuarial changes arising from changes in demographic assumptions	**–**	193,211
	(23,455,458)	(15,596,519)
Balance at December 31	**₱61,837,837**	₱71,789,838

The principal assumptions used to determine pension benefits of the Parent Company for the years ended December 31, 2022 and 2021 follow:

	2022	2021
Discount rate	**7.28%**	5.01%
Salary increase rate	**5.00%**	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2022 and 2021, assuming all other assumptions are held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (decrease)	Increase (decrease) in DBO 2022	2021
Discount rates	+150 basis points	**(₱8,482,621)**	(₱11,754,775)
	-150 basis points	**10,552,529**	15,146,469
Future salary increases	+150 basis points	**10,638,983**	14,905,836
	-150 basis points	**(8,760,024)**	(11,906,002)

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The average duration of the defined benefit obligation at the reporting date is 10.3 years in 2022 and 12.5 years in 2021.

Shown below is the maturity analysis of the undiscounted benefit payments as at December 31, 2022 and 2021:

	2022	2021
Less than 1 year	**₱3,805,156**	₱3,422,393
More than 1 year to 2 years	**1,208,524**	–
More than 2 years to 4 years	**615,030**	1,882,314
More than 4 years	**107,439,704**	55,537,224

17. **Income Taxes**

	2022	2021
Current:		
RCIT	**₱32,378,391**	₱16,077,491
Final	**28,147**	40,480
	32,406,538	16,117,971
Deferred	**(4,992,183)**	5,508,209
	₱27,414,355	₱21,626,180

Net deferred tax assets of the Parent Company consist of the following:

	2022	2021
Deferred tax assets on:		
Lease liability	**₱23,838,661**	₱7,964,371
Pension liabilities	**15,459,459**	17,947,460
Difference between tax and book basis of accounting for real estate transactions	**16,432,109**	16,425,078
Unamortized discount on installment contracts receivable	**1,376,598**	425,951
Allowance for impairment losses	**593,505**	593,505
Actual commissions expense per books in excess of commission paid	**151,482**	–
	57,851,814	43,356,365
Deferred tax liabilities on:		
Right-of-use asset	**23,037,780**	7,458,325
Actual commissions expense per books in excess of commissions paid	–	212,324
	23,037,780	7,670,649
	₱34,814,034	₱35,685,716

The Parent Company has no unrecognized deferred tax assets as at December 31, 2022 and 2021.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2022	2021
Statutory income tax rate	**25.00%**	25.00%
Tax effects of:		
Dividend income	**(20.32)**	(4.78)
Nondeductible expenses	**0.25**	2.97
Interest income subjected to final tax	–	(0.10)
Impact of CREATE law	–	14.48
Others	**0.02**	3.54
Effective income tax rate	**4.95%**	41.11%

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

On March 26, 2021, President Rodrigo Duterte signed into law the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives system. It took 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 Parent Company:

- Effective July 1, 2020, RCIT rate is reduced from 30% to 25%. For entities with net taxable income not exceeding ₱5.00 million and with total assets not exceeding ₱100.00 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%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020.
- Improperly accumulated earnings tax of 10% is repealed.

Applying the provisions of the CREATE Act, the Parent Company has been subjected to the lower tax rate of 25% (itemized deduction) of taxable income and 1% MCIT of gross income effective July 1, 2020.

18. Equity

Capital Stock
The details of the Parent Company's capital stock which consists of common and preferred shares follow:

Common shares
Details of the Parent Company's common shares as at December 31, 2022 and 2021 follow:

Authorized shares	3,500,000,000
Par value per share	₱1.00
Issued and outstanding shares	1,040,001,000

On November 8, 2013, the Philippine SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each to ₱3.50 billion divided into 3.50 billion shares with par value of ₱1.00 each.

On June 15, 2012, the SEC approved the increase in the Parent Company's capital stock by increasing common stock from ₱1.00 billion divided into 1.00 billion shares with par value of ₱1.00 each to ₱2.30 billion divided into 2.30 billion shares with par value of ₱1.00 each.

On August 8, 2007, the Parent Company launched its Initial Public Offering where a total of 86,667,000 common shares were offered at an offering price of ₱8.93 per share. The registration statement was approved on July 30, 2007.

The Parent Company has 90 and 100 existing shareholders as at December 31, 2022 and 2021, respectively.

Preferred shares
The Parent Company's preferred shares are voting, nonparticipating, nonredeemable and are entitled to 8% cumulative dividends. Details of the Parent Company's preferred shares as at December 31, 2022 and 2021 follow:

On September 15, 2011, the Parent Company conducted stock rights offering of up to

₱346.67 million on the 8%, voting, preferred shares on a pre-emptive basis to holders of common shares of the Parent Company as of September 15, 2011 at an offer price of ₱1.00 per preferred share. Subsequently, on January 20, 2012, the SEC approved the increase in authorized capital stock relating to the creation of preferred shares.

Authorized shares	1,300,000,000
Par value per share	₱1.00
Issued and outstanding shares	346,667,000

Cash Dividends

On April 21, 2022, Parent Company's BOD approved the declaration of cash dividends as follows:

1. For preferred shares - 8% dividends per issued and outstanding preferred share; and
2. For common shares - ₱0.02 per issued and outstanding common share.

The record date is April 21, 2022 and dividend amounting to ₱48.53 million were paid on June 28, 2022.

On April 7, 2021, Parent Company's BOD approved the declaration of cash dividends as follows:

3. For preferred shares - 8% dividends per issued and outstanding preferred share; and
4. For common shares - ₱0.02 per issued and outstanding common share.

The record date is May 27, 2021 and dividend amounting to ₱48.53 million were paid on June 17, 2021.

Retained Earnings

On December 16, 2022, the Parent Company's BOD approved the appropriation of its retained earnings amounting to ₱1,000.00 million for the project investment and support for the working capital of Admiral Hotel which is expected to be released on or before December 31, 2027.

The retained earnings available for dividend distribution amounted to ₱1,000.14 million and ₱1,573.45 million as at December 31, 2022 and 2021, respectively.

Under the Tax Code, publicly-held corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

Capital Management

The primary objective of the Parent Company'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 shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The following table shows the components of what the Parent Company considers its capital:

	2022	2021
Capital stock:		
Common stock	**₱1,040,001,000**	₱1,040,001,000
Preferred stock	**346,667,000**	346,667,000
Additional paid-in capital	**632,687,284**	632,687,284
Retained earnings	**2,080,485,074**	1,602,829,434
	₱4,099,840,358	₱3,622,184,718

The Parent Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Parent Company includes within net debt, loans payable, accounts and other payables, lease liability and customers' deposits less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Parent Company (excluding OCI).

	2022	2021
Loans payable	**₱106,195,804**	₱309,141,351
Accounts and other payables	**84,106,615**	53,601,834
Lease liability	**95,354,646**	31,857,484
Customers' deposits	**21,737,746**	29,037,225
	307,394,811	423,637,894
Less cash and cash equivalents	**178,221,129**	71,578,690
Net debt	**129,173,682**	352,059,204
Capital (excluding OCI)	**4,099,840,358**	3,622,184,718
Total capital and net debt	**₱4,229,014,040**	₱3,974,243,922
Gearing ratio	**3.05%**	8.86%

No changes were made in the Parent Company's objectives, policies or processes for the years ended December 31, 2022 and 2021.

19. Financial Instruments

Fair Value Information

The carrying amounts of the Parent Company's financial assets (i.e., cash and cash equivalents, due from condominium associations, other receivables, deposits, and receivables from related parties and deposits) and financial liabilities (accounts and other payables except other taxes payable) approximate their fair values due to their short-term maturities, except for the following financial asset and financial liability as at December 31, 2022 and 2021:

	2022		2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Asset				
Installment contracts receivable	**₱95,028,029**	**₱92,214,159**	₱92,783,149	₱92,489,005

The methods and assumptions used by the Parent Company in estimating the fair values of the financial instruments, which are based on the level 3 valuation technique, are as follows:

Financial asset

The fair value of installment contracts receivable is based on the discounted value of future cash flows using the prevailing interest rates for similar types of receivables as of the reporting date using the remaining terms of maturity. The discount rates used ranged from 3.92% to 6.55% in 2022 and from 1.02% to 3.53% in 2021. By using the discounted value of future cash flows, a higher interest rate would yield a lower fair value.

Financial liability

The fair value of loans payable approximates its carrying value due to the re-pricing feature of the interest it carries.

Fair Value Hierarchy
The Parent Company has no financial instruments carried at fair value as at December 31, 2022 and 2021.

There were no assets or liabilities whose fair values were disclosed using Level 1 and Level 2 valuation techniques.

There was no change in the valuation techniques used by the Parent Company in determining the fair market value of the financial assets and liabilities.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Financial Risk Management Objectives and Policies
The Parent Company's principal financial instruments comprise cash and cash equivalents, receivables from real estate sales, due from condominium associations, other receivables, receivables from related parties, deposits, accounts and other payables and loans payable, which arise directly from operations. The main purpose of these financial instruments is to finance the Parent Company's operations.

The significant risks arising from the Parent Company's financial instruments are liquidity risk, credit risk and interest rate risk. The exposures to these risks and how they arise, as well as the Parent Company's objectives, policies and processes for managing the risks and the methods used to measure the risks did not change from prior years.

The main objectives of the Parent Company's financial risk management are as follows:

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

The BOD reviews and agrees policies for managing each of these risks.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either: the inability to sell financial assets quickly at their fair values; the counterparty failing on repayment of a contractual obligation; or the inability to generate cash inflows as anticipated.

The Parent Company's objective is to maintain balance between continuity of funding and flexibility through the use of bank loans. The Parent Company monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Parent Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. Capital expenditures, selling and administrative expenses and working capital requirements are sufficiently funded through cash collections and bank loans. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions. The Group has available sufficient undrawn credit facilities with financial institutions as at December 31, 2022 and 2021.

The tables below summarize the maturity profile of the Parent Company's financial liabilities based on contractual undiscounted payments and the financial assets and contract assets to manage liquidity as at December 31, 2022 and 2021:

	2022			
	On Demand	**Within 1 year**	**More than 1 year**	**Total**
Financial Assets				
Cash and cash equivalents	**₱178,221,129**	**₱–**	**₱–**	**₱178,221,129**
Receivables				
Installment contracts receivables	–	**55,102,627**	**48,143,656**	**103,246,283**
Due from condominium associations	–	**5,528,668**	–	**5,528,668**
Others	–	**4,502,364**	–	**4,502,364**
Receivables from related parties	**3,093,603,465**	–	–	**3,093,603,465**
Deposits	–	**4,933,108**	**12,545,555**	**17,478,663**
Total Financial Assets	**₱3,271,824,594**	**₱70,066,767**	**₱60,689,211**	**₱3,402,580,572**
Financial Liabilities				
Accounts and other payables				
Retention payable	**₱–**	**₱818,207**	**₱–**	**₱818,207**
Accounts payable	–	**43,330,247**	–	**43,330,247**
Others*	–	**3,225,267**	–	**3,225,267**
Lease liabilities**	–	**28,257,031**	**77,088,055**	**105,345,086**
Loans payable**	–	**103,406,023**	**3,260,813**	**106,666,836**
Total Financial Liabilities	**₱–**	**₱179,036,775**	**₱80,348,868**	**₱259,385,643**

**Others exclude statutory payables*
***Includes future interest payments*

	2021			
	On Demand	Within 1 year	More than 1 year	Total
Financial Assets				
Cash and cash equivalents	₱71,578,690	₱–	₱–	₱71,578,690
Receivables				
Installment contracts receivables	–	53,588,584	41,033,359	94,621,943
Dividend receivable	–	10,050,000	–	10,050,000
Due from condominium associations	–	7,328,668	–	7,328,668
Others	–	4,663,664	–	4,663,664
Receivables from related parties	2,845,779,297	–	–	2,845,779,297
Deposits	–	4,983,108	4,340,541	9,323,649
Total Financial Assets	₱2,917,357,987	₱80,614,024	₱45,373,900	₱3,043,345,911
Financial Liabilities				
Accounts and other payables				
Retention payable	₱–	₱154,197	₱–	₱154,197
Accounts payable	–	26,414,114	–	26,414,114
Others*	–	4,165,777	–	4,165,777
Lease liabilities**	–	25,799,980	6,723,717	32,523,697
Loans payable**	–	304,993,184	4,698,167	309,691,351
Total Financial Liabilities	₱–	₱361,527,252	₱11,421,884	₱372,949,136

**Others exclude statutory payables*
***Includes future interest payments*

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Parent Company trades only with recognized, creditworthy third parties. The Parent Company's receivables are monitored on an ongoing basis resulting to insignificant exposure to bad debts. Real estate buyers and tenants are subject to standard credit check procedures, which are calibrated based on payment schemes offered. The Parent Company's respective credit management units conduct a credit investigation and evaluation of each buyer or tenant to establish creditworthiness.

Installment Contracts Receivable - Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. In addition, the credit risk for real estate receivables is mitigated as the Parent Company has the right to cancel the sales contract without need for any court action and take possession of the subject condominium units in case of refusal by the buyer to pay the due installment contracts receivable on time. This risk is further mitigated because the corresponding title to the condominium units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Other financial assets **-** comprise of cash and cash equivalents, excluding cash on hand. The Parent Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Bank limits are established on the basis of an internal rating system that principally covers areas of liquidity, capital adequacy and financial stability. The rating system likewise makes use of available credit ratings. Given the high credit rating of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. Nevertheless, the Parent Company closely monitors developments over counterparty banks and adjusts its exposure accordingly while adhering to pre-set limits.

The Parent Company's maximum exposure to credit risk without considering the effects of collaterals and other credit enhancements follows:

	2022	2021
Cash in banks and cash equivalents	**₱177,923,129**	₱71,365,690
Receivables		
Installment contracts receivable	**95,028,029**	92,783,149
Dividends receivable	**–**	10,050,000
Due from condominium associations	**5,528,668**	7,328,668
Others	**6,876,385**	7,037,685
Receivables from related parties	**3,093,603,465**	2,845,779,297
Deposits	**17,478,663**	9,323,649
Total	**₱3,396,438,339**	₱3,043,668,138

The subjected condominium units sold are held as collateral for all installment contracts receivable. The fair value of the related collaterals amounted to ₱179.11 million and ₱245.88 million as at December 31, 2022 and 2021, respectively. The financial effect of the collateral amounted to ₱95.03 million and ₱92.78 million as at December 31, 2022 and 2021, respectively, resulting to zero net exposure amounts as at December 31, 2022 and 2021. The basis for the fair value of the collaterals is the current selling price of the condominium units.

Advance rentals and security deposits amounted to ₱0.61 million and ₱0.68 million as at December 31, 2022 and 2021, respectively. These collections are higher than rental receivables resulting to zero net exposure as at December 31, 2022 and 2021.

Given the Parent Company's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

As at December 31, 2022 and 2021, the credit quality per class of financial assets is as follows:

	2022			
	Neither Past Due nor Impaired			
	Grade A	**Past Due But Not Impaired**	**Individually Impaired**	**Total**
Cash in banks and cash equivalents	**₱177,923,129**	**₱–**	**₱–**	**₱177,923,129**
Receivables:				
Installment contracts receivable	**95,028,029**	**–**	**–**	**95,028,029**
Due from condominium associations	**5,528,668**	**–**	**–**	**5,528,668**
Others*	**4,349,865**	**–**	**2,374,021**	**6,723,886**
Receivable from related parties	**3,093,603,465**	**–**	**–**	**3,093,603,465**
Deposits	**17,478,663**	**–**	**–**	**17,478,663**
Total	**₱3,393,911,819**	**₱0**	**₱2,374,021**	**₱3,396,285,840**

**Net of allowance and excludes advances for liquidation*

	2021			
	Neither Past Due nor Impaired			
	Grade A	Past Due But Not Impaired	Individually Impaired	Total
Cash in banks and cash equivalents	₱71,365,690	₱–	₱–	₱71,365,690
Receivables:				
Installment contracts receivable	92,783,149	–	–	92,783,149
Dividends receivable	10,050,000	–	–	10,050,000
Due from condominium associations	7,328,668	–	–	7,328,668
Others	4,663,664	–	2,374,021	7,037,685
Receivable from related parties	2,845,779,297	–	–	2,845,779,297
Deposits	9,323,649	–	–	9,323,649
Total	₱3,041,294,117	₱0	₱2,374,021	₱3,043,668,138

**Net of allowance and excludes advances for liquidation*

The credit quality of the financial assets was determined as follows:

Cash in banks and cash equivalents are considered Grade A based on the counterparties' low probability of insolvency. The Parent Company transacts only with institutions or banks which have demonstrated financial soundness for several years. Grade A installment contracts receivable are considered to be of high value where the counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

Installment contracts receivable, dividends receivable, receivables from customers for taxes and other charges, due from condominium associations, other receivables, receivables from related parties and deposits are Grade A. The credit quality rating of Grade A pertains to receivables with no defaults in payment.

Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Parent Company's collection efforts and update their payments accordingly.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms. In the Parent Company's assessment, there are no financial assets that will fall under this category as the Parent Company transacts with recognized third parties.

20. **Lease Commitments**

Parent Company as Lessee

The Parent Company has entered into lease agreements for the rental of its office space. The lease agreements have the lease term of three years and are renewable upon mutual consent of contracting parties.

The Parent Company also has certain leases for various items of office equipment used in operations with lease terms of 12 months or less and leases of items with low value.

The following are the amounts recognized in parent company statements of comprehensive income:

	2022	2021
Amortization of right-of-use assets (Note 9)	**₱41,549,991**	₱23,696,398
Interest expense on lease liabilities	**5,042,059**	1,873,715
Rental expense (Note 15)	**3,718,322**	4,615,579
Total	**₱50,310,372**	₱30,185,692

The movements in the lease liabilities as at December 31, 2022 and 2021 are presented below:

	2022	2021
Balance as at January 1	**₱31,857,484**	₱55,669,840
Additions (reversals)	**103,867,813**	(680,971)
Interest expense	**5,042,058**	1,873,715
Payments	**(45,412,709)**	(25,005,100)
	95,354,646	31,857,484
Less noncurrent portion of lease liabilities	**69,990,993**	8,502,600
	₱25,363,653	₱23,354,884

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

	2022	2021
Less than one year	**₱28,257,031**	₱25,799,980
After one year but not more than five years	**77,088,055**	6,723,717
	₱105,345,086	₱32,523,697

Public-private partnership (PPP) with the local government of Parañaque City

On July 16, 2019, the Parent Company signed a PPP contract in a form of joint development agreement (JDA) with the local government of Paranaque City (LGU) for a mixed-use development three-tower project. The established project completion is within 48 months. Based on the JDA, the Parent Company will develop a building with three towers (the Project) over a parcel of land owned by the local government of Paranaque City which is located in Barangay Tambo, Paranaque, with the Parent Company bearing all the cost related to the land development and construction of the towers. The parcel of land and the constructed building shall be the contribution of the LGU and the Parent Company, respectively to the JDA. The Parent Company and the LGU shall then receive their respective allocation of the building after the project is completed. The Parent Company assigned A this Project to FHPDI. The agreement shall be effective for a period of 25 years from the date all conditions stated have been satisfied or waived, renewable for another 25 years at the option of the Parent Company.

21. **Changes in Liabilities Arising from Financing Activities**

	January 1, 2022	**Accretion of interest/ Additions**	**Cash flows**	**December 31, 2022**
Loans payable	**₱309,141,351**	**₱–**	**(₱202,945,547)**	**₱106,195,804**
Lease liabilities	**31,857,484**	**108,909,871**	**(45,412,709)**	**95,354,646**
Dividends payable	**–**	**48,533,380**	**(48,533,380)**	**–**
Total liabilities arising from financing activities	**₱340,998,835**	**₱157,443,251**	**(₱296,891,636)**	**₱201,550,450**

	January 1, 2021	Accretion of interest/ Additions	Cash flows	December 31, 2021
Loans payable	₱65,052,838	₱–	₱244,088,513	₱309,141,351
Lease liabilities	55,669,840	1,192,744	(25,005,100)	31,857,484
Dividends payable	–	48,533,380	(48,533,380)	–
Total liabilities arising from financing activities	₱120,722,678	₱49,726,124	₱170,550,033	₱340,998,835

SGV
Building a better
working world

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Anchor Land Holdings, Inc.
15th Floor, L.V. Locsin Building
6752 Ayala Avenue corner Makati Avenue
Makati City

We have audited the financial statements of Anchor Land Holdings, Inc. (the Parent Company) as at and for the years ended December 31, 2022 and 2021, on which we have rendered the attached report dated March 27, 2023.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the Company has ninety (90) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 27, 2023

ANCHOR LAND HOLDINGS, INC.

SUPPLEMENTARY TAX INFORMATION UNDER REVENUE REGULATIONS 15-2010
FOR THE YEAR ENDED DECEMBER 31, 2022

The Parent Company reported and/or paid the following types of taxes for the year:

Value added tax (VAT)
The National Internal Revenue Code (NIRC) of 1997, as amended, provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales, in general, are subject to output VAT while its purchases from VAT-registered individuals or corporations are subject to input VAT. In 2022, the VAT rate is set at 12%.

The Parent Company is a VAT-registered company with output VAT declaration of ₱45,597,069 for the year based on the collections received during the year of ₱379,975,571 hence, may not be the same as amounts accrued/reflected in the parent company statements of comprehensive income.

The Parent Company has exempt sales amounting to nil pursuant to the provisions of Section 109 (W) of the NIRC of 1997, as amended.

The amount of VAT Input taxes claimed and broken down into:

Balance at January 1	₱–
Services lodged under cost of goods sold and other accounts	8,727,292
Goods for resale/manufacture or further processing	3,860,096
Capital goods not subject to amortization	360,321
Capital good subject to amortization	501,045
	13,448,754
Less:	
Input VAT claimed against output VAT	11,080,011
Input VAT allocable to VAT exempt sales	–
Balance at December 31	₱2,368,743

Documentary Stamp Taxes
The Parent Company paid/accrued documentary stamp tax during 2022 amounting to ₱851,720.

Other Taxes and Licenses
This includes all other taxes, local and national, including real estate taxes, licenses and permit fees lodged under the 'Taxes and licenses' account under 'Selling and administrative expenses' in the parent company statements of comprehensive income:

I. Local	
Real estate taxes	₱1,736,004
Licenses and permit fees	1,421,702
Others	942,190
	4,099,896
II. National	
Annual registration	500
	₱4,100,396

Withholding Taxes
Details of withholding taxes for the year are as follows:

Withholding taxes on compensation and benefits	₱24,734,388
Expanded withholding taxes	5,636,118
Final tax	2,240,423
	₱32,610,929

Tax Contingencies
The Parent Company did not receive any final tax assessments in 2022 nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the Bureau of Internal Revenue.