# COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1 3 3 8 2 8

COMPANY NAME

PRIMEX CORPORATION

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

GROUND FLOOR, RICHBELT TERRACES, 19 ANNAPOLIS STREET, GREENHILLS, SAN JUAN, METRO MANILA

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
primexgroup_pc@yahoo.com	8722-5417 / 8722-8078	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
16	06/22	12/31

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
Ernesto O. Ang	primexgroup_pc@yahoo.com	8722-5400	–

CONTACT PERSON's ADDRESS

G/F Richbelt Terraces, 19 Annapolis St., Greenhills, San Juan

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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Building a better
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BOA/PRC Reg. No. 0001,
October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Primex Corporation
Ground Floor, Richbelt Terraces
19 Annapolis Street, Greenhills
San Juan, Metro Manila

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of Primex Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2019 and 2018, 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 present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, 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 a manner that achieves fair presentation.

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

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

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Primex Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
SEC Accreditation No. 1758-A (Group A),
July 2, 2019, valid until July 1, 2022
Tax Identification No. 245-571-753
BIR Accreditation No. 08-001998-110-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125310, January 7, 2020, Makati City

June 26, 2020

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018 (as restated – Note 2)
ASSETS		
Current Assets		
Cash (Notes 4 and 23)	**₱11,356,976**	₱4,363,323
Receivables (Notes 5, 19 and 23)	**19,656,088**	21,893,952
Real estate held for sale and development (Note 7)	**492,542,380**	469,487,534
Other current assets (Note 9)	**209,079,462**	208,549,667
Total Current Assets	**732,634,906**	704,294,476
Noncurrent Assets		
Receivables - net of current portion (Notes 5 and 23)	**10,368,643**	20,189,648
Investment property (Note 8)	**62,958,916**	62,958,916
Investment in an associate (Note 10)	**75,000,000**	–
Investment in subsidiaries (Note 11)	**580,958,000**	580,958,000
Property and equipment (Note 12)	**4,850,276**	6,589,085
Deferred tax assets - net (Note 20)	**1,461,896**	1,335,671
Other noncurrent assets (Note 9)	**316,077**	316,077
Total Noncurrent Assets	**735,913,808**	672,347,397
	₱1,468,548,714	₱1,376,641,873
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13, 19 and 23)	**332,872,176**	494,026,899
Contract liabilities (Note 6)	**2,493,101**	525,739
Subscription payable (Notes 10, 11, 19 and 23)	**98,208,000**	144,958,000
Total Current Liabilities	**433,573,277**	639,510,638
Noncurrent Liabilities		
Loan payable (Notes 14 and 23)	**214,706,075**	–
Refundable deposits (Notes 13, 22 and 23)	**2,493,450**	3,139,126
Pension liability (Note 16)	**4,298,085**	3,238,655
Total Noncurrent Liabilities	**221,497,610**	6,377,781
Total Liabilities	**655,070,887**	645,888,419
Equity		
Capital stock (Note 15)	**332,333,333**	332,333,333
Additional paid-in capital (Note 15)	**223,000,000**	223,000,000
Retained earnings (Note 15)	**258,564,183**	175,317,296
Net actuarial gain (loss) on remeasurement of defined benefit obligation - net of tax (Note 16)	**(419,689)**	102,825
Total Equity	**813,477,827**	730,753,454
	₱1,468,548,714	₱1,376,641,873

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2019	2018
REVENUE		
Sales (Note 24)	**₱6,067,321**	₱3,913,750
Interest income from real estate sale (Note 5)	**2,405,578**	3,588,372
Rent income (Notes 8 and 22)	**3,476,636**	3,411,215
Miscellaneous (Note 17)	**138,401,592**	10,854,290
	150,351,127	21,767,627
COSTS AND EXPENSES		
Cost of real estate sales (Notes 7 and 24)	**1,506,909**	1,252,033
General and administrative expenses (Note 18)	**13,662,589**	15,175,753
Interest expense (Notes 13 and 14)	**5,748,328**	65,753
	20,917,826	16,493,539
INCOME BEFORE INCOME TAX	**129,433,301**	5,274,088
PROVISION FOR INCOME TAX (Note 20)	**2,983,081**	1,732,303
NET INCOME	**₱126,450,220**	₱3,541,785
OTHER COMPREHENSIVE LOSS		
Items that will not be reclassified to profit or loss in subsequent years:		
Remeasurement loss on defined benefit obligation (Note 16)	**(746,449)**	(281,523)
Income tax effect (Note 20)	**223,935**	84,457
	(522,514)	(197,066)
TOTAL COMPREHENSIVE INCOME	**₱125,927,706**	₱3,344,719
Basic/Diluted Earnings Per Share (Note 21)	**₱0.0761**	₱0.0021

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

				Remeasurement	
				gain on	
		Additional	Retained	defined benefit	
	Capital Stock	Paid-in Capital	Earnings	pension plans	
	(Note 15)	(Note 15)	(Note 15)	(Note 16)	Total
	For the year ended December 31, 2019				
At January 1, 2019	**₱332,333,333**	**₱223,000,000**	**₱175,317,296**	**₱102,825**	**₱730,753,454**
Net income	**–**	**–**	**126,450,220**	**–**	**126,450,220**
Actuarial loss on defined benefit pension plan - net of tax (Note 16)	**–**	**–**	**–**	**(522,514)**	**(522,514)**
Total comprehensive income	**–**	**–**	**126,450,220**	**(522,514)**	**125,927,706**
Cash dividends declared (Note 15)	**–**	**–**	**(43,203,333)**	**–**	**(43,203,333)**
At December 31, 2019	**₱332,333,333**	**₱223,000,000**	**₱258,564,183**	**(₱419,689)**	**₱813,477,827**
	For the year ended December 31, 2018				
At January 1, 2018, as previously reported	₱332,333,333	₱223,000,000	₱263,605,186	₱299,891	₱819,238,410
Effects of adoption of new accounting standards (Note 2)	–	–	(438,008)	–	(438,008)
At January 1, 2018, as restated	332,333,333	223,000,000	263,167,178	299,891	818,800,402
Net income	–	–	3,541,785	–	3,541,785
Actuarial gain on defined benefit pension plan - net of tax (Note 16)	–	–	–	(197,066)	(197,066)
Total comprehensive income	–	–	3,541,785	(197,066)	3,344,719
Cash dividends declared	–	–	(91,391,667)	–	(91,391,667)
At December 31, 2018	₱332,333,333	₱223,000,000	₱175,317,296	₱102,825	₱730,753,454

See accompanying Notes to Parent Company Financial Statements.

PRIMEX CORPORATION
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱129,433,301**	₱5,274,088
Adjustments for:		
Interest expense (Notes 13 and 14)	**5,748,328**	65,753
Depreciation (Notes 12 and 18)	**2,084,678**	2,103,003
Retirement expense (Notes 16 and 18)	**312,981**	207,827
Interest income (Notes 4 and 5)	**(2,437,270)**	(3,590,630)
Operating income before changes in working capital	**135,142,018**	4,060,041
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**12,189,805**	14,599,699
Real estate held for sale and development	**(23,054,846)**	(18,180,957)
Other assets	**(529,795)**	(316,904)
Decrease in accounts and other payables and contract liabilities	**(158,514,462)**	103,037,426
Net cash generated from (used for) operations	**(34,767,280)**	103,199,305
Interest received	**2,306,334**	3,590,630
Income taxes paid, including creditable withholding taxes	**(2,885,371)**	(12,748,448)
Net cash provided by (used in) operating activities	**(35,346,317)**	94,041,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investment in an associate (Note 10)	**(18,750,000)**	–
Property and equipment (Note 12)	**(345,869)**	(610,730)
Payment of subscription payable	**(103,000,000)**	–
Net cash used in investing activities	**(122,095,869)**	(610,730)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of loans (Note 14)	**213,387,500**	–
Issuance of capital stock (Note 15)	–	–
Payments of:		
Cash dividends (Note 15)	**(43,203,333)**	(91,391,667)
Interest paid	**(5,748,328)**	–
Net cash provided by (used in) financing activities (Note 25)	**164,435,839**	(91,391,667)
NET INCREASE IN CASH	**6,993,653**	2,039,090
CASH AT BEGINNING OF YEAR	**4,363,323**	2,324,233
CASH AT END OF YEAR (Note 4)	**₱11,356,976**	₱4,363,323

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

Primex Corporation (the Parent Company) is domiciled and was incorporated in the Republic of the Philippines on July 17, 1986. The Parent Company is engaged in the real estate business to purchase, lease, or in any manner dispose of or deal with land and other real property and any interest therein. The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange.

The registered office address of the Parent Company is at Ground Floor, Richbelt Terraces, 19 Annapolis Street, Greenhills, San Juan, Metro Manila, Philippines.

The Parent Company's financial statements were approved and authorized for issue by the Board of Directors (BOD) on June 26, 2020.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest Philippine Peso unit unless otherwise indicated.

Statement of Compliance

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

a. Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D
b. Adoption of PIC Q&A No. 2018-14. PFRS 15 - Accounting for Cancellation of Real Estate Sales

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

The Parent Company also prepares and issues consolidated financial statements presented in compliance with PFRS. These may be obtained at the Parent Company's registered office address or from the Securities and Exchange Commission (SEC).

Reclassification

In September 2019, the Philippine Interpretations Committee (PIC) issued additional guidance to the real estate industry on the implementation of PFRS 15, including guidance on the recording of the difference between the consideration received from the customer and the transferred goods to the customer (i.e., measured based on percentage-of-completion). The PIC allowed real estate companies to recognize the difference as either a contract asset of unbilled receivable. If presented as a contract asset, the disclosures required under PFRS 15 should be complied with. Otherwise, the disclosures required under PFRS 9 should be provided.

The Parent Company opted to recognize the difference between the consideration received from the customer and the transferred goods as installment contracts receivable. This resulted to the reclassification of contract assets to receivables as of December 31, 2018 as presented below:

	December 31, 2018 As previously reported	Reclassification	December 31, 2018 As adjusted
Current Assets			
Current portion of receivables	₱12,031,016	₱9,862,936	₱21,893,952
Current portion of contract assets	9,862,936	(9,862,936)	–
Noncurrent Assets			
Receivables - net of current portion	–	20,189,648	20,189,648
Contract assets - net of current portion	20,189,648	(20,189,648)	–
	₱42,083,600	₱–	₱42,083,600

Management believes that the presentation of the consolidated statement of financial position as at the beginning of the earliest period presented is not necessary as the reclassifications have no significant impact on the Parent Company's total assets and total equity as of January 1, 2018.

The reclassifications did not impact the statement of cash flows for the year ended December 31, 2018.

Adoption of New and Amended Accounting Standards and Interpretation

The accounting policies adopted in the preparation of the Parent Company's financial statements are consistent with those of the previous financial year except for the adoption of the following new and amended PFRSs which became effective January 1, 2019. Unless otherwise indicated, the Parent Company does not expect that the adoption of the said pronouncements will have a significant impact on its financial statements.

- PFRS 16, *Leases*

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

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. Therefore, PFRS 16 did not have an impact for leases where the Parent Company is the lessor.

  Further, PFRS 16 also requires lessee to make extensive disclosures than under PAS 17. The new standard does not have a significant impact on the Parent Company's financial statements as the Parent Company has no long-term lease agreement as lessee.

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

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

The interpretation specifically addresses the following:

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

The entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

The Parent Company determined, based on its assessment, that it is probable that its uncertain income tax treatments will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the financial statements of the Parent Company.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

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

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

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

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

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

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
  The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

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

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

- *Annual Improvements to PFRSs* 2015-2017 Cycle
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
    The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

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

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

  - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
    The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Parent Company because dividends declared by the Parent Company do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*
  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

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

  Since the Parent Company's current practice is in line with these amendments, they had no impact on the financial statements of the Parent Company.

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

Effective beginning on or after January 1, 2020

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

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

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

  These amendments will apply on future business combinations of the Group.

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

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

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

Effective beginning on or after January 1, 2021

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

  The new standard is not applicable to the Parent Company since is has no activities that are predominantly connected with insurance or issue insurance contracts.

Deferred Effectivity

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

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

  The Parent Company is currently assessing the impact of adopting these amendments.

- *Deferment of Implementation of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry*

  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 par. 35(c) of 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 PAS 23 considering that these inventories are ready for their intended sale in their current condition.

The IFRIC agenda decision would change the Parent Company's 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, Series of 2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Effective January 1, 2021, 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.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

The Parent Company does not expect any effect on its financial statements as they are already in line with the IFRIC Agenda.

Current versus Non-current Classification

The Parent Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

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

Cash

Cash includes cash on hand and in banks. Cash in banks are stated at nominal amount and earn interest at prevailing bank deposit rates.

Financial Instruments - initial recognition and subsequent measurement

Date of recognition

The Parent Company recognizes a financial asset or a financial liability in the statement 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 of financial instruments

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

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. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, are measured at the transaction price determined under PFRS 15. 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 fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The 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 recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent measurement

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

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

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 solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (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 includes cash and receivables.

Financial assets at fair value through OCI (debt instruments)
The Parent Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Parent Company does not have debt instruments at fair value through OCI.

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

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

The Parent Company does not have equity instruments at fair value through OCI.

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of income.

The Parent Company does not have financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Parent Company's statement 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 fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. 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 installment contracts 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 has established a vintage analysis for installment contracts receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such advances to homeowner's association, advances to an affiliate, accrued rent receivables and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, 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 a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard and Poor's (S&P) and Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Parent Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date and default date. The Parent Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. 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.

Determining the stage for impairment
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

b. Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, 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, loans payable, advances to affiliates and refundable deposits.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Parent Company that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Parent Company has not designated any financial liability as at fair value through profit or loss.

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

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

This category generally applies to loans payable.

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

c. *Offsetting Financial Instruments*
Financial assets and financial liabilities are offset and the net amount reported in the statement 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.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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 the end of each reporting period.

The Parent Company's management determines the policies and procedures for recurring fair value measurement of financial assets.

At each reporting date, the Parent Company analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Parent Company's accounting policies. For this analysis, the Parent Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Parent Company, in conjunction with its external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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.

Real Estate Held for Sale and Development
Real estate held for sale and development consists of property constructed for sale, subdivision land for sale and development and land and improvements. Land and improvements classified under "Real Estate Held for Sale and Development" are properties under development and are expected to be completed within one year.

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate held for sale and development and is valued 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 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 for construction, 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.

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

The Parent Company currently recognizes land held for lease as a portion of real estate held for sale and development and is intended for sale. In cases when sale is made during the lease period, the Parent Company shall assume all obligations and will indemnify the lessee for damages suffered.

Construction Materials, Parts and Supplies

Inventories are valued at the lower of cost or NRV.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the Parent Company's statement of financial position.

Investment Properties

Investment properties comprise land and improvements that are held to earn rentals and that are not occupied by the companies in the Parent Company.

The Parent Company uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Investments in an Associate and Subsidiaries

The Parent Company's investments in its subsidiaries and an associate are accounted for under the cost method and are carried at cost less accumulated provisions for impairment losses, if any. A subsidiary is an entity over which the Parent Company has control. The Parent Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. An associate is an entity in which the Parent Company has a significant influence and which is neither a subsidiary nor a joint venture.

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.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment or the investee reacquires its own equity instruments from the Parent Company.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. 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.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Parent Company and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation commences once the assets are available for use and is computed on a straight-line basis over the following estimated useful lives of the assets:

	Years
Transportation equipment	5
Office furniture, fixtures and equipment	10
Leasehold improvements	5 or term of the lease, whichever is shorter

The asset's residual values, useful life and depreciation method are reviewed periodically to ensure that the period and method of depreciation 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 any impairment loss are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use although no further depreciation is credited or charged to current operations.

Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that any item of investment in an associate, property and equipment, investment properties and other noncurrent assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company makes a formal estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. 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 (or cash-generating unit). 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation 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.

Equity

Capital stock and additional paid-in capital

The Parent Company records capital stock at par value and additional paid-in capital for the excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred which are directly attributable to the issuance of new shares are deducted from additional paid-in capital.

Retained earnings

Retained earnings represent accumulated earnings of the Parent Company less dividends declared, and any adjustments arising from application of new accounting standards, policies on corrections of errors applied retrospectively.

Other Comprehensive Income (OCI)

OCI includes items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRS. The Parent Company's OCI pertains to remeasurement losses arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue Recognition

Revenue from Contracts with Customers

The Parent Company primarily derives its real estate revenue from the sale of lots. 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 has generally concluded that it is the principal in its revenue arrangements.

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

Real estate sales

The Parent Company derives its real estate revenue from sale of lots and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the 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 input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Parent Company uses the costs accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

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

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

Cost recognition

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

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

Contract Balances

Receivables
A receivable represents the 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).

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

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

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the 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 "Cost of real estate sales" account in the statement of comprehensive income.

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

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

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

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

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

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

At each reporting date, the Parent Company determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Parent Company makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Parent Company expects to receive less the costs that relate to providing services under the relevant 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 will be removed for the impairment test.

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

Rental income
Rental income from noncancellable operating leases is recognized on a straight-line basis over the lease term. Rental income from cancellable operating leases is recognized based on terms of the lease contract.

Interest income
Interest is recognized as it accrues using the effective interest rate which is 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.

Miscellaneous income
Forfeiture of collections and penalties for late payments are recognized based on the contractual terms of the agreement.

Operating Expenses
Operating expenses include general and administrative expenses. General and administrative expenses constitute costs of administering the business. These expenses are recognized as incurred and measured based on the amounts paid or payable.

Commission Expense
Commissions paid to sales or marketing agents on the sale of 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 under “Cost of real estate sales” in profit or loss.

Operating Leases
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date, and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset.

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

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

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

Parent Company as a lessee
Leases where the lessor retains substantially all the risks and benefits of the ownership of the asset are classified as operating leases. Fixed lease payments are recognized on a straight-line basis over the lease while the variable rent is recognized as an expense based on the terms of the lease contract.

Parent Company as a lessor
Leases where the Parent Company retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as income on a straight-line basis over the lease term.

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 held for sale and development" account in the statement of financial position). 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.

Pension Expense
The pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning projected salaries.

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

Defined benefit costs comprise the following:

- Service cost
- Net interest on the defined benefit liability
- Remeasurements of defined benefit 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 periodically by independent qualified actuaries.

Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability. Interest on the defined benefit liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in the statements of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Taxes

Current income tax

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 have been enacted or substantively enacted as at the reporting date.

Deferred tax

Deferred 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 their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits or unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

Deferred tax relating to items recognized outside of profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Earnings Per Share (EPS)

Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares.

Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

Segment Reporting

The Parent Company's business is organized and managed according to nature of the products and services provided comprising of construction and real estate operations. Financial information on business segment is presented in Note 24.

Provisions

Provisions are recognized when the Parent Company has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingencies

Contingent liabilities are not recognized in the 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 financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events up to the date the financial statements were authorized for issue that provide additional information about the Parent Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in compliance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments

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

Revenue recognition
Existence of a contract
The Parent Company's primary document for a contract with a customer is a signed contract to sell. In cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation application, official receipts and buyer's computation sheets would contain all the criteria to qualify as contract with customers under PFRS 15. In addition, part of the assessment process of the Parent Company 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. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Impairment testing of financial assets
Definition of default and credit-impaired financial 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 – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:
a. The customer is experiencing financial difficulty or is insolvent
b. The customer is in breach of financial covenant(s)
c. An active market for that financial assets has disappeared because of financial difficulties
d. Concessions have been granted by the Parent Company, for economic or contractual reasons relating to the customer's financial difficulty
e. It is becoming probable that the customer will enter bankruptcy or other financial reorganization

The criteria above have been applied to the 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 (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Parent Company's expected loss calculation.

Incorporation of forward-looking information
The Parent Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Parent Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Parent Company's evaluation and assessment and after taking into consideration external actual and forecast information, the Parent Company formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios.
This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts

published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Parent Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Parent Company carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Parent Company has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

Distinction between real estate held for sale and investment properties
The Parent Company determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Parent Company considers whether the property will be sold in the normal operating cycle (real estate held for sale and development). All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

Impairment of nonfinancial assets
The Parent Company assesses impairment on its nonfinancial assets (i.e., property and equipment, investment properties and other current assets) 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.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Parent Company is required to make estimates and assumptions that may affect the carrying amount of the assets.

As of December 31, 2019 and 2018, carrying values follow:

	2019	2018
Property and equipment (Note 12)	**₱4,850,276**	₱6,589,085
Investment property (Note 8)	**62,958,916**	62,958,916
Construction materials, parts and supplies (Note 9)	**205,538,119**	205,538,119

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 as follows:

Provision for expected credit losses of trade receivables
The Parent Company uses vintage analysis approach to calculate ECLs for installment contracts receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Parent Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Parent Company's receivables is disclosed in Note 5. As of December 31, 2019 and 2018, the carrying value of receivables amounted to ₱30.02 million and ₱42.08 million, respectively.

Evaluation of NRV of real estate held for sale and development
The Parent Company reviews the NRV of real estate inventories, which are recorded under "Real estate held for sale and development" in the statement 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 held for sale and development 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.

The Parent Company estimates that the NRV of real estate held for sale and development is greater than its cost. The carrying value of real estate held for sale and development amounted to ₱492.54 million and ₱469.49 million as of December 31, 2019 and 2018, respectively (see Note 7).

Recognition of deferred tax assets
The Parent Company reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Parent Company will generate sufficient taxable profit to allow all or part of deferred tax assets to be utilized. The Parent Company looks at its projected performance in assessing the sufficiency of future taxable income on which deferred tax assets can be applied. The Parent Company recognized deferred tax assets amounting to ₱1.88 million and ₱1.34 million as of December 31, 2019 and 2018, respectively (see Note 20).

Estimating pension cost and obligation
The determination of the Parent Company's obligation and cost for pension is dependent on selection of certain assumptions used by actuaries in calculating such amounts.

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.

The salary increase rate was assumed taking into consideration the prevailing inflation rate and Parent Company policy. The turnover rate was assumed based on the result of the most recent experience study of margins for fluctuations.

Those assumptions are described in Note 16. While the Parent Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect pension obligation. The carrying value of pension liability amounted to ₱4.30 million and ₱3.24 million as of December 31, 2019 and 2018, respectively (see Note 16).

4. Cash

This account consists of the following:

	2019	2018
Cash on hand	**₱20,000**	₱20,000
Cash in bank	**11,336,976**	4,343,323
	₱11,356,976	₱4,363,323

Cash in bank earns interest at the respective bank deposit rate of 0.25% in 2019 and 2018.

Interest income derived from cash in banks amounted to ₱31,692 and ₱2,258 for the years ended December 31, 2019 and 2018, respectively (see Note 17).

5. Receivables

This account consists of:

	2019	2018 (as restated - Note 2)
Installment contracts receivable	**₱21,810,965**	₱31,794,377
Advances to Homeowners' Associations	**4,400,000**	4,400,000
Advances to an affiliate (Note 19)	**2,567,570**	2,567,570
Accrued rent receivable (Note 22)	**303,094**	2,509,487
Others	**1,568,834**	1,437,898
	30,650,463	42,709,332
Less: allowance for expected credit loss	**625,732**	625,732
	30,024,731	42,083,600
Less: noncurrent portion	**10,368,643**	20,189,648
	₱19,656,088	₱21,893,952

The details of installment contract receivable follow:

	2019	2018
Installment contracts receivable	**₱21,810,965**	₱31,797,809
Less: unamortized discount	**–**	3,432
Net contracts receivable	**21,810,965**	31,794,377
Less noncurrent portion	**10,368,643**	20,189,648
Current portion	**₱11,442,322**	₱11,604,729

Movements in the unamortized discount of the Company's receivable as of December 31, 2019 and 2018 follow:

	2019	2018
Balance at beginning of year	**₱3,432**	₱14,956
Accretion	**(3,432)**	(11,524)
Balance at end of year	**₱–**	₱3,432

Installment contracts receivable are collectible in equal monthly principal installments with various terms up to a maximum of ten (10) years and are secured by the related property sold from real estate held for sale. The receivables bear fixed interest rates ranging from 14.00% to 19.00% per annum computed on the diminishing balance of the principal, except for those that are with installment schemes within two (2) years.

As of December 31, 2019 and 2018, installment contract receivables with a nominal amount of nil and ₱30.06 million, respectively, were initially recorded at fair value. These represent noninterest-bearing receivables collectible in two (2) years. The fair value upon initial recognition is derived using discounted cash flow model with discount rates ranging from 2.81% to 3.68% for those recognized in 2019 and 2018.

The Parent Company recognized interest income pertaining to its receivables amounting to ₱2.41 million and ₱3.59 million in 2019 and 2018, respectively.

Advances to Homeowners' Association pertain to receivable from Goldendale and The Richdale Village Homeowners' Association to fund its daily expenses. These are unsecured and have no fixed terms in relation to these advances.

Accrued rent receivable pertains to the lease receivable from the rent of the Parent Company's properties and from tenants in Richbelt Terraces.

6. Contract Liabilities

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

Contract liabilities as of December 31, 2019 and 2018 amounted to ₱2.49 million and ₱0.53 million, respectively. There is no revenue recognized from the amounts included in contract liabilities as of December 31, 2019 and 2018.

7. Real Estate Held for Sale and Development

This account consists of:

	2019	2018
Subdivision land held for sale and development	**₱146,015,911**	₱147,127,131
Land and improvements	**346,526,469**	322,360,403
	₱492,542,380	₱469,487,534

Subdivision land for sale and development includes properties that are undergoing and have undergone development and are being sold in the normal operating cycle.

Land and improvements pertain to properties held for future development.

The movements in the real estate held for sale and development as of December 31 follow:

2019

	Subdivision land held for sale and development	**Land and improvements**	**Total**
Balance at beginning of year	**₱147,127,131**	**₱322,360,403**	**₱469,487,534**
Development costs incurred	**395,689**	**24,166,066**	**24,561,755**
Disposal recognized as cost of sales (Note 18)	**(1,506,909)**	**–**	**(1,506,909)**
Balance at end of year	**₱146,015,911**	**₱346,526,469**	**₱492,542,380**

2018

	Subdivision land held for sale and development	Land and improvements	Total
Balance at beginning of year	₱147,633,204	₱303,673,373	₱451,306,577
Development costs incurred	745,960	18,687,030	19,432,990
Disposal recognized as cost of sales (Note 18)	(1,252,033)	–	(1,252,033)
Balance at end of year	₱147,127,131	₱322,360,403	₱469,487,534

8. Investment Property

Investment property consist of commercial land property in Annapolis that is being leased out. As of December 31, 2019 and 2018, investment property amounted to ₱62.96 million.

Total rental income arising from the investment property amounted to ₱3.48 million and ₱3.41 million in 2019 and 2018, respectively.

The fair value of investment properties amounted to ₱136.47 million and ₱112.56 million as at December 31, 2019 and 2018, respectively. The fair values of investment property has been internally determined by reference to other similar transaction in the market. 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 value of the investment property was arrived at using the Market Data Approach. In this approach, the value of the investment properties is based on sales and listings of comparable property registered in the vicinity which is classified under Level 3 hierarchy.

9. **Other Assets**

	2019	2018
Current		
Construction materials inventory	**₱205,538,119**	₱205,538,119
Prepayments	**3,063,954**	2,359,104
Advances to employees	**397,397**	325,449
Creditable withholding tax	**45,646**	302,244
Input VAT	**34,346**	24,751
	209,079,462	208,549,667
Noncurrent		
Deposits	**312,737**	312,737
Others	**3,340**	3,340
	316,077	316,077
	₱209,395,539	₱208,865,744

Construction materials, parts and supplies pertain to materials purchased in the construction of the Company's land development project.

Prepayments consist of advance payments made for insurance, taxes, and licenses.

Advances to employees represent advances for operational purposes and are collected through salary deduction.

Creditable withholding taxes are available for offset against income tax payable in future periods.

Input VAT represents taxes imposed on the Parent Company for the acquisition of lots, purchase of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. This will be used against future output VAT liabilities or will be claimed as tax credits.

Deposits consist of guarantee deposits and amounts paid to utility providers for service application.

10. **Investment in an Associate**

On February 1, 2019, the Parent Company acquired 43.43% ownership interest in Primex Development Corporation (PDC) through subscription of 75,000 shares for a total consideration of ₱75.00 million.

PDC is a corporation duly organized and existing under laws of the Republic of the Philippines. It is primarily engaged and carry on the business of real estate leasing and selling.

PDC has no operation nor commenced the transaction of its business. As such, there is no share in the net income for year ended December 31, 2019.

Below is the summarized financial information of PDC:

	2019
Assets	
Current assets	**₱9,271,183**
Noncurrent assets	**533,555,719**
	₱542,826,902
Liabilities and Equity	
Current liabilities	**357,085,720**
Equity	**185,741,182**
	₱542,826,902

As of December 31, 2019, subscription payable amounted to ₱56.25 million (see Note 19).

11. **Investments in Subsidiaries**

The following are the details of the Parent Company's investments in subsidiaries accounted for under cost method of accounting and the related percentage of ownership:

	Nature of Business	Percentage of ownership		Acquisition Costs	
		2019	2018	**2019**	2018
Primex Realty Corporation	Real estate	**100%**	100%	**₱539,000,000**	₱539,000,000
Primex Housing Dev't Corp.	Real estate	**100%**	100%	**41,958,000**	41,958,000
				₱580,958,000	₱580,958,000

On September 7, 2017, the Parent Company entered into a subscription agreement with Primex Housing Dev't Corp. (PHDC) to purchase 41,958,000 shares at par value of ₱1.00 per share, acquiring 100% ownership in PHDC. The subsidiary was incorporated in the Philippines on August 18, 2017.

On November 21, 2017, the Parent Company's BOD approved the purchase of a 12% stake equivalent to 300,000,000 shares in PRC with a par value of ₱0.20 per share. On November 24, 2017, the Parent Company entered into a subscription agreement to purchase 10.2% stake in PRC for ₱84.15 million. As of December 31, 2017, the Parent Company owns 98.2% of PRC. Subsequently, on January 17, 2018, the Parent Company acquired the remaining 1.8% stake in PRC for ₱14.85 million, thereby taking 100% control of PRC.

Both subsidiaries are domiciled in the Philippines.

Subscription payable amounted to ₱41.96 million and ₱144.96 million as of December 31, 2019 and 2018 (see Note 19).

12. Property and Equipment

The composition of and movements in this account follows:

	2019		
	Transportation Equipment	**Office Furniture, Fixtures and Equipment**	**Total**
Cost			
At beginning of year	**₱20,166,791**	**₱15,321,589**	**₱35,488,380**
Additions	**170,014**	**175,855**	**345,869**
At end of year	**20,336,805**	**15,497,444**	**35,834,249**
Accumulated Depreciation			
At beginning of year	**16,907,232**	**11,992,063**	**28,899,295**
Depreciation (Note 18)	**1,272,425**	**812,253**	**2,084,678**
At end of year	**18,179,657**	**12,804,316**	**30,983,973**
Net Book Value	**₱2,157,148**	**₱2,693,128**	**₱4,850,276**

	2018		
	Transportation Equipment	Office Furniture, Fixtures and Equipment	Total
Cost			
At beginning of year	₱19,646,349	₱15,231,301	₱34,877,650
Additions	520,442	90,288	610,730
At end of year	20,166,791	15,321,589	35,488,380
Accumulated Depreciation			
At beginning of year	15,731,499	11,064,793	26,796,292
Depreciation (Note 18)	1,175,733	927,270	2,103,003
At end of year	16,907,232	11,992,063	28,899,295
Net Book Value	₱3,259,559	₱3,329,526	₱6,589,085

Depreciation expense charged to operations amounted to ₱2.08 million and ₱2.10 million in 2019 and 2018, respectively (see Note 18).

13. Accounts and Other Payables

This account consists of:

	2019	2018
Trade payable	**₱162,204,926**	₱252,664,260
Advances from related parties (Note 19)	**164,150,000**	235,000,000
Refundable deposits	**4,042,322**	2,501,892
Advance rent (Note 22)	**1,341,004**	2,906,620
Accrued expenses	**401,786**	902,043
Others	**732,138**	52,084
	₱332,872,176	₱494,026,899

Trade payable are amounts due to suppliers and contractors on development costs incurred on its real estate under development. The accounts payable are noninterest bearing and are generally settled on 30- to 60-day term.

Advances from related parties pertains to advances which are non-interest bearing and due and payable upon demand.

Refundable deposits pertain to the sum of money that the lessee agrees to pay upon signing of lease contract which will be refunded at the end of the lease term.

As of December 31, 2019 and 2018, the refundable deposits amounting to ₱4.04 million and ₱2.50 million, respectively, are recorded at fair value, which approximates its carrying amount due to the relatively short-term nature of these transactions.

Noncurrent refundable deposits are initially recorded at fair value, which is obtained by discounting its future cash flows using the applicable rates for similar type of instruments. As of December 31, 2019 and 2018, the present value of the refundable deposits amounted to ₱2.49 million and ₱3.14 million, respectively. Interest expense arising from the accretion of these deposits amounted to ₱0.12 million and ₱0.07 million in 2019 and 2018, respectively.

Advance rent pertains to payments from the lessees for the rental of the Parent Company's properties to be applied in the next period.

Accrued expenses and other liabilities include accruals of operating expenses and are normally settled on 15- to 60-day terms.

Others consist of amounts owed to the government for statutory payments such as Social Security System and Pag-ibig contributions and withholding taxes. These are remitted on a monthly or a quarterly basis.

14. **Loans Payable**

The composition of this account follows:

	2019
Availments	**₱215,000,000**
Unamortized discount	**(293,925)**
Balance at end of year	**₱214,706,075**

The Parent Company entered into loan agreements with local commercial banks as follows:

a. On March 4, 2019, the Parent Company obtained long-term loan facility from a local bank amounting to ₱95.00 million with fixed interest rate of 6.25% and a term of five years to be used for permanent working capital requirements. The principal amount is payable in four equal annual amortizations commencing on the 3rd year of the loan.

   Interest expense incurred amounted to ₱0.38 million in 2019.

b. On December 11, 2019, the Parent Company entered into a four-year long-term loan agreement with a local bank amounting to ₱120.00 million for permanent working capital requirements. The loan is subject to an interest rate of 5.50% with principal amount payable in three equal annual amortizations commencing on December 11, 2021.

   Interest expense incurred amounted to ₱5.25 million in 2019.

Movement in unamortized discount as of December 31, 2019 follows:

Additions	₱1,612,500
Amortization	(1,318,575)
	₱293,925

15. **Equity**

Paid-in Capital

Details of the Parent Company's paid-in capital as of December 31, 2019 and 2018 follow:

	2019	2018
Authorized shares	**4,500,000,000**	4,500,000,000
Par value per share	**₱0.20**	₱0.20
Issued and outstanding shares	**1,661,666,665**	1,661,666,665
Capital stock	**332,333,333**	332,333,333

On August 10, 2001, the Parent Company launched its Initial Public Offering where a total of 200,000,000 common shares were offered at an offering price of ₱2.20 per share. The registration statement was approved on July 17, 2001 by SEC.

On February 5, 2013, an agreement was entered for an additional subscription of 17,000,000 shares of the Parent Company's common stock for a share price of ₱3.50 per share with the excess in par value amounting to ₱42.50 million recognized as additional paid-in capital. The Parent Company's subscription receivable amounting to ₱2.00 million was collected during 2014.

On November 24, 2015, the Parent Company's BOD approved the change in par value of the Parent Company's common shares from ₱1.00 per share to ₱0.20 per share. Following the approval, on November 25, 2015, the Parent Company's BOD approved the amendment of the Articles of Incorporation to reflect the change in par value of the authorized capital stock.

Subsequently, on a special stockholders' meeting held on January 29, 2016, the Parent Company secured the approval of the stockholders on the change in par value of capital stock from ₱1.00 per share to ₱0.20 per share and the amendment of the Articles of Incorporation. The SEC approved the change in par value of the Parent Company's capital stock on August 3, 2016.

On February 21, 2017, a subscription agreement was entered into by the Parent Company and third party corporations and an individual for an additional subscription of 45,000,000 shares of the Parent Company's common stock for a share price of ₱4.00 per share with the excess in par value amounting to ₱171.00 million recognized as additional paid-in capital.

The Parent Company has 16 and 20 stockholders as of December 31, 2019 and 2018, respectively.

Retained earnings

In accordance with the Revised SRC Rule 68, the Parent Company's retained earnings available for dividend declaration as of December 31, 2019 and 2018 amounted to ₱256.95 million and ₱174.02 million, respectively.

On May 3, 2018, the Parent Company's BOD approved the declaration of cash dividends with an aggregate amount of ₱91.39 million to all of its stockholders of records as of July 20, 2018 and were paid on August 10, 2018.

On June 28, 2019, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱43.20 million with a date of record and payment of June 18, 2019 and August 12, 2019, respectively.

Capital management

The primary objectives of the Parent Company's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholders' value.

The Parent Company will manage its capital structure and make adjustments to it, in light of changes in economic condition.

The Parent Company's source of capital is its total equity amounting to ₱813.48 million and ₱730.75 million as of December 31, 2019 and 2018, respectively.

There were no changes made in the Parent Company's capital management objectives, policies or processes during the years ended December 31, 2019 and 2018.

16. Retirement Plan

The Parent Company has an unfunded, noncontributory defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on the employees' years of service. The latest actuarial valuation report is as of December 31, 2019.

Republic Act 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Parent Company's retirement plan meets the minimum retirement benefit specified by the law.

The components of retirement expense included under operating expenses in the parent company statements of comprehensive income follow:

	2019	2018
Current service cost	**₱78,502**	₱66,788
Interest cost	**234,479**	141,039
Total retirement expense (Note 18)	**₱312,981**	₱207,827

The amounts recognized in the parent company statements of financial position for the pension liability represents the present value of defined benefit obligation as of reporting date.

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

	2019	2018
Balance at beginning of year	**₱3,238,655**	₱2,749,305
Current service cost	**78,502**	66,788
Interest cost	**234,479**	141,039
Actuarial loss (gain) arising from:		
Changes in financial assumptions	**164,433**	(52,931)
Experience adjustments	**582,016**	334,454
Balance at end of year	**₱4,298,085**	₱3,238,655

The principal assumptions used to determine retirement benefits for the Parent Company for the years ended December 31 are as follows:

	2019	2018
Discount rate	**4.91%**	7.24%
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 (DBO) as of December 31, 2019 and 2018 assuming all other assumptions were 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.

		Effect on DBO	
	Increase (Decrease)	**2019**	2018
Discount rate	1.00%	**(₱75,923)**	(₱57,890)
	(1.00%)	**112,017**	74,311
Rate of salary increase	1.00%	**105,911**	79,422
	(1.00%)	**(80,804)**	(70,679)

The maturity analysis of the undiscounted benefit payments as of December 31 follows:

	2019	2018
More than 1 year to 5 years	**₱4,780,955**	₱3,577,722
More than 5 to 10 years	–	3,365,758
More than 10 years	**4,299,740**	–

The average duration of the expected benefit payments at the end of the reporting period of 15 years and 14 years as of December 31, 2019 and 2018, respectively.

17. **Miscellaneous income**

	2019	2018
Dividend income	**₱120,000,000**	₱–
Rental income (Note 22)	**17,331,234**	10,420,962
Interest income from banks (Note 4)	**31,692**	2,258
Others	**1,038,666**	431,070
	₱138,401,592	₱10,854,290

Dividend income pertains to the dividend declaration one of its subsidiaries - Primex Realty.

Rental income pertains to the Parent Company's transactions with an affiliate in which the latter assigned to the Parent Company its rights and interests to lease out the properties it owns, collect property rentals and assume all expenses and liabilities with regards to the undertaking. These transactions are recorded under "Miscellaneous income" account in the parent company statements of comprehensive income.

Others pertain to income penalties earned from late payments of buyers for the scheduled installment contracts receivable payments as well as income derived from deposits resulting to forfeitures of potential real estate sales.

18. **General and Administrative Expenses**

This account consists of:

	2019	2018
Taxes and licenses	**₱4,143,944**	₱4,702,858
Salaries, wages and employee benefits	**4,045,620**	3,226,810
Depreciation (Note 12)	**2,084,678**	2,103,003
Professional fees	**553,963**	613,679
Gas and oil	**383,077**	633,883
Retirement (Note 16)	**312,981**	207,827
Insurance	**303,171**	233,933
Security, messengerial and janitorial services	**262,899**	326,167
Light, water and dues	**195,803**	169,365
Communication and transportation	**97,212**	396,044
Repairs and maintenance	**70,058**	600,636
Training and development	**45,010**	–
Entertainment, amusement and recreation	**20,840**	30,359
Broker's fee	–	424,025
Miscellaneous	**1,143,333**	1,507,164
	₱13,662,589	₱15,175,753

Miscellaneous pertains to expenses incurred for office supplies, uniforms of employees and out-of-pockets expenses.

19. Related Party Transactions

The Parent Company, in the normal course of business, has transactions within related parties. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control. Related parties may be individuals or corporate entities.

These are all settled in cash, unless otherwise specified.

The summary of transactions with related parties as of and for the years ended December 31, 2019 and 2018 are as follow:

2019

Category	**Amount/ Volume**	**Receivable (Payable)**	**Terms and Conditions**
Associate			
Primex Development Corporation (Note 10)	**₱8,600,00**	**(₱56,250,000)**	**Payable within 1 year; unsecured; non-interest bearing**
Subsidiary			
Primex Realty Corporation (Notes 11 and 13)	**109,000,000**	**(80,000,000)**	**Payable within 1 year; non-interest bearing; unsecured**
PHDC (Notes 5 and11)	**–**	**(39,390,430)**	**Payable within 1 year; non-interest bearing; unsecured**
Stockholders			
Advances from stockholder (Note 13)	**–**	**(84,150,000)**	**Payable within 1 year; non-interest bearing; unsecured**

2018

Category	Amount/ Volume	Receivable (Payable)	Terms and Conditions
Entity under common control			
Primex Development Corporation (Note 13)	(₱14,850,000)	(₱64,850,000)	Payable within 1 year; unsecured; non-interest bearing
Subsidiary			
Primex Realty Corporation (Notes 11 and 13)	(189,000,000)	(189,000,000)	Payable within 1 year; non-interest bearing; unsecured
PHDC (Notes 5 and 11)	2,254,060	(39,390,430)	Payable within 1 year; non-interest bearing; unsecured
Stockholders			
Advances from stockholder (Note 13)	–	(84,150,000)	Payable within 1 year; non-interest bearing; unsecured

Terms and conditions of transactions with related parties

There have been no guarantees provided or received for any related party receivables or payables. These accounts are noninterest-bearing and are generally unsecured.

There are no agreements between the Parent Company and any of its directors and key officers on providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

Compensation of Key Management Personnel

Salaries and other short-term employee and post-employment benefits of the Parent Company's key management personnel amounted to ₱2.75 million and ₱2.44 million for the years ended December 31, 2019 and 2018, respectively.

20. **Income Taxes**

Provision for income tax consists of:

	2019	2018
Current - RCIT	**₱2,879,033**	₱2,004,218
Deferred	**97,710**	(272,367)
Final	**6,338**	452
	₱2,983,081	₱1,732,303

The components of net deferred tax assets follow:

	2019	2018
Presented in profit or loss		
Deferred tax assets on:		
Pension liability	**₱1,022,682**	₱928,788
Amortization on loans payable	**395,573**	–
Allowance for expected credit loss	**187,719**	187,719
Unearned rent	**5,110**	185,679
	1,611,084	1,302,186
Deferred tax liabilities on:		
Amortization of transaction cost	**(376,650)**	–
Accretion of interest on receivables	**(39,280)**	(9,323)
	1,195,154	1,292,863
Presented in OCI		
Deferred tax asset on:		
Net actuarial loss on remeasurement of defined benefit obligation	**266,742**	42,808
	₱1,461,896	₱1,335,671

A reconciliation of the statutory income tax to the effective income tax follows:

	2019	2018	2017
Statutory income tax	**₱38,829,990**	₱1,582,226	₱27,943,835
Nontaxable dividend income	**(36,000,000)**	–	–
Nondeductible expenses	**153,357**	150,302	782,828
Interest income subject to final tax	**(3,170)**	(225)	(341)
Deductible temporary differences for which no DTA was recognized	**2,904**	–	–
Deductible expenses charged to equity	–	–	(13,500)
Effective income tax	**₱2,983,081**	₱1,732,303	₱28,712,822

Republic Act (RA) No.10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted as of the financial reporting date. Although the TRAIN changes existing tax law and includes several provisions that will generally affect businesses on a prospective basis, the management assessed that the same did not have any significant impact on the financial statement balances as of the financial reporting date.

21. **Earnings Per Share**

Earnings per share amounts were computed as follows:

	2019	2018	2017
a. Net income	**₱126,450,220**	₱3,541,785	₱64,433,296
b. Weighted average number of outstanding common shares	**1,661,666,665**	1,661,666,665	1,661,666,665
c. Basic/diluted earnings per share (a/b)	**₱0.0761**	₱0.0021	₱0.0388

As of December 31, 2019 and 2018, the Parent Company has no potentially dilutive common shares.

22. **Lease Commitments**

The Parent Company entered into lease agreements covering the lease of building and parcel of land to third parties. The lease is renewable under certain terms and conditions. The terms of the leases range from five (5) to ten (10) years. Total rental income amounted to ₱20.81 million and ₱13.83 million in 2019 and 2018, respectively (Notes 8 and 17). Total advance rent from the lease amounted to ₱1.34 million and ₱2.91 million as of December 31, 2019 and 2018, respectively (Note 13).

The future minimum lease receivables under noncancellable operating leases follow:

	2019	2018
Within one year	**₱10,141,560**	₱12,373,616
After one year but not more than five years	**18,001,610**	18,812,433
	₱28,143,170	₱31,186,049

The Parent Company has transactions with an affiliate in which the latter assigned to the Parent Company its rights and interests to lease out the properties it owns, collect property rentals and assume all expenses and liabilities with regards to the undertaking. These transactions are recorded under "Miscellaneous income" account in the Parent Company statement of comprehensive income (see Note 17).

23. **Financial Instruments**

Fair Value Information

The fair values of cash, receivables (except installment contracts receivable), accounts and other payables and subscription payable approximate fair values due to the relatively short-term maturities of these investments.

Installment contracts receivable - The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. The discount rates used ranged from 2.34% to 7.18% and 1.62% to 5.00% in 2019 and 2018, respectively. As of December 31, 2019, the carrying value approximates the fair value. As of December 31, 2018, the carrying value and fair value amounted to ₱1.12 million and ₱1.27 million, respectively.

Refundable deposits - Due to the unpredictability of timing of payment, fair value of these liabilities cannot be reasonably estimated.

Fair Value Hierarchy

The Parent Company categorized installments contracts receivable under Level 3 as of December 31, 2019 and 2018. The fair value of this financial instrument was determined by discounting future cash flows using the effective interest rates. Increase (decrease) in the discount rate would result in a (lower) higher fair value, respectively.

There have been no reclassifications between levels 1, 2 and 3 categories in 2019 and 2018.

Financial Risk Management Objectives and Policies

The Parent Company has various financial assets and financial liabilities which arise directly from the conduct of its operations. The main risks arising from the Parent Company's financial instruments are credit risk and liquidity risk.

The Parent Company reviews and approves policies for managing risks which are summarized below:

Exposures to credit and liquidity risks arise in the normal course of the Parent Company's business activities. 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.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Parent Company's credit risk is primarily attributable to its installment contracts receivable and accrued rent receivable. The Parent Company manages its credit risk by conducting credit reviews and analysis of receivables on a continuous basis. The Parent Company also undertakes supplemental credit review procedures for certain payment structures. In addition, the Parent Company's credit risk is minimized since the contract to sell provides the Parent Company the right to rescind the sale, offer the same property to other parties in case of customer's default and the title of the property passes to the buyer only after the full payment of the receivable.

Financial assets comprise cash and receivables. The Parent Company adheres to fixed limits and guidelines in its dealings with counterparty banks and its investments in financial instruments. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. The Parent Company's exposure to credit risk from cash and receivables arise from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Installment contracts receivable are secured by the lot or unit bought, whereas the accrued rent receivable pertains to the deposits paid by the particular lessee from whom the rent receivable is due.

As of December 31, 2019 and 2018, the aging analysis of receivables presented per class, is as follows:

2019

		Past Due but not Impaired							
	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Total	ECL	Total
Installment contracts receivable	₱20,457,359	₱727,874	₱–	₱–	₱–	₱–	₱727,874	₱625,732	₱21,810,965
Advances to Homeowners' Associations	–	–	–	–	–	4,400,000	4,400,000	–	4,400,000
Advances to affiliate	–	–	–	–	–	2,567,570	2,567,570	–	2,567,570
Accrued rent receivable	–	303,094	–	–	–	–	303,094	–	303,094
Others	–	130,936	–	–	–	1,437,898	1,568,834	–	1,568,834
	₱20,457,359	₱1,161,904	₱–	₱–	₱–	₱8,405,468	₱9,567,372	₱625,732	₱30,650,463

2018

		Past Due but not Impaired							
	Current	<30 days	30-60 days	60-90 days	90-120 days	>120 days	Total	ECL	Total
Installment contracts receivable	₱30,898,422	₱73,474	₱196,749	₱–	₱–	₱–	₱270,223	₱625,732	₱31,794,377
Advances to Homeowners' Associations	–	–	–	–	–	4,400,000	4,400,000	–	4,400,000
Advances to affiliate	–	–	–	–	–	2,567,570	2,567,570	–	2,567,570
Accrued rent receivable	507,330	929,418	–	–	–	1,072,739	2,002,157	–	2,509,487
Others	–	–	–	–	–	1,437,898	1,437,898	–	1,437,898
	₱31,405,752	₱1,002,892	₱196,749	₱–	₱–	₱9,478,207	₱10,677,848	₱625,732	₱42,709,332

The table below shows the credit quality of the Parent Company's financial assets as of December 31, 2019 and 2018:

2019

	Current	**Past due but not impaired**	**ECL**	**Total**
Financial statements at amortized cost				
Cash in banks	**₱11,336,976**	**₱–**	**₱–**	**₱11,336,976**
Receivables:				
Installment contracts receivable	**20,457,359**	**727,874**	**625,732**	**21,810,965**
Advances to Homeowners' Associations	**–**	**4,400,000**	**–**	**4,400,000**
Advances to an affiliate	**–**	**2,567,570**	**–**	**2,567,570**
Accrued rent receivable	**–**	**303,094**	**–**	**303,094**
Others	**–**	**1,568,834**	**–**	**1,568,834**
	₱31,794,335	**₱9,567,372**	**₱625,732**	**₱41,987,439**

2018

	Current	Past due but not impaired	ECL	Total
Financial statements at amortized cost				
Cash in banks	₱4,343,323	₱–	₱–	₱4,343,323
Receivables:				
Installment contracts receivable	30,898,422	270,223	625,732	31,794,377
Advances to Homeowners' Associations	–	4,400,000	–	4,400,000
Advances to an affiliate	–	2,567,570	–	2,567,570
Accrued rent receivable	507,330	2,002,157	–	2,509,487
Others	–	1,437,898	–	1,437,898
	₱35,749,075	₱10,677,848	₱625,732	₱47,052,655

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

Cash in bank – high grade based on the nature of the counterparty.

Receivables – high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

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

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 deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. In the event that there is a need in meeting its obligations, its stockholders will provide the necessary financial support in the funding requirements of the Parent Company as they fall due.

Overall, the Parent Company's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Parent Company's businesses.

The tables below summarize the maturity profile of the Parent Company's financial assets and liabilities as of December 31 based on the remaining contractual maturities and undiscounted contractual cash flows:

2019

			61 days-		
	<30 days	**30-60 days**	**1 year**	**>1 year**	**Total**
Other financial liabilities:					
Accounts and other payables					
Refundable deposits	**₱–**	**₱–**	**₱4,042,322**	**₱2,493,450**	**₱6,535,772**
Accrued expenses*	**401,786**	**–**	**7,744,921**	**30,744,413**	**38,891,120**
Trade payable	**162,204,926**	**–**	**–**	**–**	**162,204,926**
Advances from related parties	**–**	**–**	**164,150,000**	**–**	**164,150,000**
Loans payable	**–**	**–**	**–**	**214,706,075**	**214,706,075**
Subscription payable	**98,208,000**	**–**	**–**	**–**	**98,208,000**
Total other financial liabilities	**₱260,814,712**	**₱–**	**₱175,937,243**	**₱247,943,938**	**₱684,695,893**

**Accrued expenses include expected future interest payments on long-term loans payable amounting to ₱38.49 million*

			61 days-		
	<30 days	**30-60 days**	**1 year**	**>1 year**	**Total**
Financial assets at amortized cost					
Cash	**₱11,356,976**	**₱–**	**₱–**	**₱–**	**₱11,356,976**
Receivables:					
Installment contracts receivable	**1,537,709**	**815,847**	**8,463,034**	**10,368,643**	**21,185,233**
Advances to Homeowners' Associations	**–**	**–**	**4,400,000**	**–**	**4,400,000**
Advances to an affiliate	**–**	**–**	**2,567,570**	**–**	**2,567,570**
Accrued rent receivable	**303,094**	**–**	**–**	**–**	**303,094**
Others	**1,568,834**	**–**	**–**	**–**	**1,568,834**
	₱14,766,613	**₱815,847**	**₱15,430,604**	**₱10,368,643**	**₱41,381,707**

2018

	<30 days	30-60 days	61 days- 1 year	>1 year	Total
Other financial liabilities:					
Accounts and other payables					
Refundable deposits	₱–	₱–	₱2,501,892	₱3,139,126	₱5,641,018
Accrued expenses	902,043	–	–	–	902,043
Trade payable	252,664,260	–	–	–	252,664,260
Advances from related parties	–	–	235,000,000	–	235,000,000
Subscription payable	144,958,000	–	–	–	144,958,000
Total other financial liabilities	₱398,524,303	₱–	₱237,501,892	₱3,139,126	₱639,165,321
Financial assets at amortized cost					
Cash	₱4,363,323	₱–	₱–	₱–	₱4,363,323
Receivables:					
Installment contracts receivable	1,143,700	878,505	8,956,792	20,189,648	32,074,789
Advances to Homeowners' Associations	–	–	4,400,000	–	4,400,000
Advances to an affiliate	–	–	2,567,570	–	2,567,570
Accrued rent receivable	1,424,929	–	1,084,558	–	2,509,487
Others	–	–	1,437,898	–	1,437,898
Total	₱6,931,952	₱878,505	₱18,446,818	₱20,189,648	₱47,353,067

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates will reduce the Parent Company's current or future earnings and/or economic value. The Parent Company's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Parent Company's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments. The Parent Company has interest-bearing loans with floating interest rate subject to repricing amounting to ₱214.71 million as of December 31, 2019, nil in 2018.

The table below demonstrates the sensitivity of the Parent Company's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2019, with all variables held constant, (through the impact on floating rate borrowings):

	Effect on income before income tax Increase (decrease)	
Change in basis points	**+ 100 basis points**	**- 100 basis points**
Floating rate borrowings	**(₱845,392)**	**₱845,392**

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Parent Company's equity other than those already affecting the net income.

24. Segment Information

The industry segments where the Parent Company operate are as follow:

Real estate - sale of high-end and upper middle-income residential lots and units.

The significant information of the reportable segment is as follows:

	2019	2018
REVENUE		
Real estate sales	**₱6,067,321**	₱3,913,750
Interest income from real estate sale	**2,405,578**	3,588,372
	₱8,472,899	₱7,502,122
COSTS AND EXPENSES		
Cost of real estate sales	**₱1,506,909**	₱1,252,033
General and administrative expenses	**13,662,589**	15,175,753
	15,169,498	16,427,786
Loss before tax	**(₱6,696,599)**	(₱8,925,664)

	2019	2018
SEGMENT ASSETS		
Cash	**₱11,356,976**	₱4,363,323
Receivables	**30,024,731**	42,083,600
Real estate held for sale and development	**492,542,380**	469,487,534
Other current assets	**209,079,462**	208,549,667
Investment property	**62,958,916**	62,958,916
	₱805,962,465	₱787,443,040
SEGMENT LIABILITIES		
Accounts and other payables	**₱332,872,176**	₱494,026,899
Contract liabilities	**2,493,101**	525,739
Loans payable	**214,706,075**	–
	₱550,071,352	₱494,552,638

Segment assets exclude property and equipment, investment in an associate, investments in subsidiaries, deferred tax assets and other noncurrent assets.

Segment liabilities exclude refundable deposits, statutory liabilities, subscription payable and pension liability.

All revenues are from individuals and domestic entities incorporated in the Philippines.

There are no revenue from a single external customer that exceeds 10%.

Reconciliation of Assets

	2019	2018
Segment operating assets:	**₱805,962,465**	₱787,443,040
Investment in subsidiaries	**580,958,000**	580,958,000
Investment in an associate	**75,000,000**	–
Property and equipment	**4,850,276**	6,589,085
Deferred tax assets	**1,461,896**	1,335,671
Other noncurrent assets	**316,077**	316,077
	₱1,468,548,714	₱1,376,641,873

Reconciliation of Liabilities

	2019	2018
Segment operating liabilities:	**₱550,071,352**	₱494,552,638
Subscription payable	**98,208,000**	144,958,000
Refundable deposits	**2,493,450**	3,139,126
Pension liability	**4,298,085**	3,238,655
	₱655,070,887	₱645,888,419

25. Additional Cash Flow Information

Below is the rollforward of liabilities under financing activities:

2019

	January 1, 2019	Cash Flows	Non-cash Changes	December 31, 2019
Loans payable	₱–	₱213,387,500	₱1,318,575	₱214,706,075
Dividend payable	–	(43,203,333)	43,203,333	–
Interest payable	–	(5,748,328)	5,748,328	–
	₱–	₱164,435,839	(₱50,270,236)	₱214,706,075

2018

	January 1, 2018	Cash Flows	Non-cash Changes	December 31, 2018
Dividends payable	₱–	(₱91,391,667)	₱91,391,667	₱–

In 2019, the non-cash change in loans payable pertains to amortization of transaction cost amounting to ₱1.32 million (see Note 14). Dividend declaration and payment amounted to ₱43.20 million and ₱91.39 million as of December 31, 2019 and 2018, respectively (see Note 15).

26. Events after Reporting Period

Coronavirus Disease (COVID-19) Impact

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, unless earlier lifted or extended. This was extended twice, initially up to April 30, 2020 and then until May 15, 2020 for “high risk” areas such as NCR and several other regions in Luzon and the Visayas until May 15, 2020.

On May 12, 2020, the Philippine government announced that it will ease quarantine measures in many areas of the country, but it will extend lockdowns in Metro Manila and some other cities until May 31, 2020, which the government termed as “modified” enhanced community quarantine (MECQ). That designation is the most stringent of a new three-tiered quarantine system in which some areas will be placed under general community quarantine (GCQ), while others will go under a lighter “modified” version of GCQ. Effective June 1, 2020, Metro Manila is now under GCQ.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

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

27. Supplementary Information Required under Revenue Regulations 15-2010

The Parent Company also reported and/or paid the following types of taxes in 2019:

Value-added tax (VAT)

The NIRC of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Parent Company's sales are subject to output VAT while its importations and purchases from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

a. The Parent Company is a VAT-registered company with VAT output tax declaration of ₱3.17 million for the year based on its vatable sales or receipts amounting to ₱26.42 million.

b. Input VAT

Balance at January 1	₱16,514
Current year's domestic purchases/payments for:	
Goods other than for resale or manufacture	3,188,014
Total available input VAT	3,204,528
Applied output VAT	3,170,182
Balance at December 31	₱34,346

The Parent Company's VATable real estate sales and rental income are based on actual collections received, hence, may not be the same as amounts accrued in the parent company statement of income. The Parent Company has no import transactions.

Other Taxes and Licenses

In 2019, this includes all other taxes, local and national, including real estate taxes, licenses and permit fees. Details follow:

Real estate taxes	₱3,342,475
License and permit fees	675,075
Others	126,394
	₱4,143,944

Withholding Taxes

The amount of withholding taxes paid/accrued for the year amounted to:

Withholding taxes on compensation and benefits	₱240,895
Expanded withholding taxes	38,809
Final withholding taxes	669,427
	₱949,131

Tax Assessments and Cases

As at December 31, 2019, the Parent Company has no other tax assessments and tax cases, litigation and/or prosecution in tax courts and bodies within and outside the administration of the BIR.