COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

C	S	2	0	0	5	1	6	3	6	1

S.E.C. Registration Number

KEPWEALTH PROPERTY PHILS., INC.

(Company's Full Name)

UNIT IJ01-23 BURGUNDY CORPORATE TOWER 252 SEN. GIL PUYAT AVE., MAKATI CITY

(Business address: No. Street City / Town / Province)

AUGUSTO PABLO A. CORPUS JR.	(632) 7978-5080
Contact Person	**Company Telephone Number**

1 2	3 1	AASFS	Second Wednesday of July
Month	**Day**	**FORM TYPE**	**Month Day**
Fiscal Year			**Annual Meeting**

Secondary License Type, If Applicable

CRMD	
Dept. Requiring this Doc.	**Amended Articles Number/Section**

Total Amount of Borrowings

Total No. of Stockholders	**Domestic**	**Foreign**

Top be accomplished by SEC Personnel concerned

LCU

CASHIER

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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, in accordance with the Philippine Financial Reporting Standard, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed this ______ day of __________ 2023

RESTITUTO T. LOPEZ
Chairman of the Board

AUGUSTO PABLO A. CORPUS, JR.
President

IGNACIO SALVADOR GIMENEZ III
Treasurer

SUBSCRIBED AND SWORN to before me this APR 1 4 2023 day of __________ 2023 affiants exhibiting to me their respective TIN, as follows:

ATTY. ROSALINDA ADRIANO-MONTENEGRO
NOTARY PUBLIC
Commission expires on Dec. 31, 2023
PTR No. 4028249-01/03/2023 - Q.C.
IBP No. 195704 - 01/04/2022 - Q.C.
Roll No. 68465
MCLE Comp. No. VII-0021672 - 04/14/2025

DOC. NO. 106
PAGE NO. 22
BOOK NO. LXVIII
SERIES OF 2023

REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have issued our report dated April 3, 2023 on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** as of and for the year ended December 31, 2022. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **KEPWEALTH PROPERTY PHILS., INC.** taken as a whole. The information in Index to the Financial Statements and Supplementary Schedules as of and for the year ended December 31, 2022, which is not a required part of the financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **KEPWEALTH PROPERTY PHILS., INC.** 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.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
SEC Group A Accredited
Accreditation No. 0300-SEC
Valid until 2024 audit period
BSP Group B Accredited
Accreditation No. 0300-BSP
Valid until 2026 audit period
BIR Accreditation No. 08-007679-000-2023
Valid from January 31, 2023 until January 30, 2026
IC Group A Accredited
Accreditation No. 0300-IC
Valid until 2026 audit period

REAN G. ABALOS
Partner
CPA Certificate No. 126203
SEC Group A Accredited
Accreditation No. 126203-SEC
Valid until 2025 audit period
BSP Group C Accredited
Accreditation No. 126203-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-002-2020
Valid from October 20, 2020 until October 19, 2023
Tax Identification No. 271-226-260
PTR No. 9567812
Issued on January 4, 2023 at Makati City

April 3, 2023
Makati City, Metro Manila

R.S. Bernaldo & Associates is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

PKF R.S. Bernaldo & Associates

INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** for the years ended December 31, 2022 and 2021, on which we have rendered the attached report dated April 3, 2023.

In compliance with Revenue Regulation V-20, we are stating that we are not related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
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Accreditation No. 0300-IC
Valid until 2026 audit period

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
RECEIVED
14 APR 2023

REAN G. ABALOS
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KEPWEALTH PROPERTY PHILS. INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **KEPWEALTH PROPERTY PHILS., INC.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2022. Management is likewise responsible for all information and representations contained in the audited financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited to, the value added tax and/ or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2022 and the accompanying audited Annual Income Tax Return are in accordance with the books and records of **KEPWEALTH PROPERTY PHILS., INC.,** complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the **KEPWEALTH PROPERTY PHILS., INC.** filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

AUGUSTO PABLO A. CORPUS, JR.	**IGNACIO SALVADOR GIMENEZ III**
President	Treasurer

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
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14 APR 2023

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
KEPWEALTH PROPERTY PHILS., INC.
Unit IJ01-23 Burgundy Corporate Tower
252 Sen. Gil Puyat Ave.
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **KEPWEALTH PROPERTY PHILS., INC.** (the "Company"), which comprise the statements of financial position as at December 31, 2022 and 2021 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and cash flows for each of the three years in the period then ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
RECEIVED
14 APR 2023

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current period. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinion thereon, and do not provide a separate opinion on these matters.

Key Audit Matter

The Risk

Accounting for the Proceeds of Initial Public Offering (IPO)

The shares of the stock of the Company were listed with the Philippine Stock Exchange, Inc. on August 19, 2019. The Proceeds from the IPO amounted to ₱384,767,164. The accounting for the proceeds is significant to our audit because the outstanding balance of the unapplied proceeds amounting to ₱170,452,249 as at December 31, 2022 represent 20% of the total assets. Moreover, the Company is required to adhere the use of the proceeds pursuant to the Offering Circular.

Our Response

Our procedures included, among others, examining the underlying documents and obtaining confirmation from banks of the outstanding balance of the proceeds and testing the nature and validating the underlying documents of the actual disbursement of the proceeds for the year ended December 31, 2022.

Necessary disclosures are included in Note 6, Initial Public Offering, which discusses IPO and use of proceeds, and Note 16, Equity.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information under Revenue Regulation 15-2010 in Note 32 to the financial statement 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 **KEPWEALTH PROPERTY PHILS., INC.** The information has been subjected to the auditing procedures applied in our audits 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 whole.

The engagement partner on the audits resulting in this independent auditors' report is **REAN G. ABALOS.**

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
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Accreditation No. 0300-SEC
Valid until 2024 audit period
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Issued on January 4, 2023 at Makati City

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
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April 3, 2023
Makati City, Metro Manila

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021
(In Philippine Peso)

BUREAU OF INTERNAL REVENUE
RECEIVED
4 APR 2023

	Notes	2022	2021
ASSETS			
Current Assets			
Cash and cash equivalent	7	106,761,862	73,570,585
Financial assets at fair value through profit or loss	8	237,779,472	234,504,012
Trade and other receivables	9	7,910,532	5,101,737
Due from related parties	15	3,401,490	3,206,636
Prepayments and other current assets	10	16,944,464	15,509,245
Total Current Assets		372,797,820	331,892,215
Non-current Assets			
Due from related parties - net of current portion	15	2,505,847	5,708,563
Investment properties - net	12	385,957,349	418,843,089
Property and equipment - net	11	1,656,774	1,696,051
Investment in trust accounts	13	75,555,000	75,555,000
Deferred taxes - net	24	4,583,468	3,023,186
Deferred input VAT	10	4,610,994	8,563,276
Total Non-current Assets		474,869,432	513,389,165
TOTAL ASSETS		847,667,252	845,281,380
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liability			
Trade and other payables	14	31,529,083	27,292,599
Non-current Liabilities			
Advance rent	22	1,130,281	1,141,103
Security deposits	22	133,932	1,505,128
Total Non-current Liabilities		1,264,213	2,646,231
TOTAL LIABILITIES		32,793,296	29,938,830
STOCKHOLDERS' EQUITY			
Capital Stock	16	456,057,609	456,057,609
Additional Paid-in Capital	16	299,519,764	299,519,764
Retained Earnings		59,296,583	59,765,177
TOTAL STOCKHOLDERS' EQUITY		814,873,956	815,342,550
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		847,667,252	845,281,380

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2022, 2021 and 2020
(In Philippine Peso)

BUREAU OF INTERNAL REVENUE
RECEIVED
DATE: 14 APR 2023

	Notes	2022	2021	2020
REVENUES	*17*	**49,788,191**	55,128,026	81,408,329
COST OF SERVICES	*18*	**(39,902,290)**	(39,959,968)	(44,512,587)
GROSS PROFIT		**9,885,901**	15,168,058	36,895,742
OTHER INCOME	*19*	**7,738,289**	7,360,813	6,762,747
GROSS INCOME		**17,624,190**	22,528,871	43,658,489
OPERATING EXPENSES	*20*	**(19,542,737)**	(19,502,477)	(17,830,102)
INCOME (LOSS) BEFORE TAXES		**(1,918,547)**	3,026,394	25,828,387
INCOME TAXES	*23*	**1,449,953**	94,521	(6,688,039)
NET INCOME (LOSS)		**(468,594)**	3,120,915	19,140,348
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**(468,594)**	3,120,915	19,140,348
BASIC AND DILUTED EARNINGS PER SHARE	*25*	**(0.00)**	0.02	0.10

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2022, 2021 and 2020
(In Philippine Peso)

BUREAU OF INTERNAL REVENUE
REVENUE REGION 8A MAKATI CITY
REVENUE DISTRICT OFFICE NO. 49
NORTH MAKATI
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	Note	Capital Stock - Common	Capital Stock - Preferred	Additional Paid-in Capital	Retained Earnings	Total
Balances at January 1, 2020		201,057,609	255,000,000	299,519,764	37,503,914	**793,081,287**
Net income					19,140,348	**19,140,348**
Balances at December 31, 2020	*16*	**201,057,609**	**255,000,000**	**299,519,764**	**56,644,262**	**812,221,635**
Net income					3,120,915	**3,120,915**
Balances at December 31, 2021	*16*	**201,057,609**	**255,000,000**	**299,519,764**	**59,765,177**	**815,342,550**
Net loss					(468,594)	**(468,594)**
Balances at December 31, 2022	*16*	**201,057,609**	**255,000,000**	**299,519,764**	**59,296,583**	**814,873,956**

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022, 2021 and 2020
(In Philippine Peso)

BUREAU OF INTERNAL REVENUE
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14 APR 2023
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	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before taxes		(1,918,547)	3,026,394	25,828,387
Adjustments for:				
Depreciation	11,12	34,540,395	34,711,202	33,712,371
Realized gain	8	(51,786)	-	-
Unrealized gain	8	(3,223,674)	(2,004,012)	-
Interest income	7	(4,128,356)	(3,937,916)	(6,227,725)
Interest expense	20,22	-	-	51,968
Gain on reversal of provision for ECL	9	-	(1,089,473)	-
Gain from liability extinguishment	19	-	-	205,610
Operating cash flows before changes in working capital		25,218,032	30,706,195	53,570,611
Decrease (Increase) in operating assets:				
Trade and other receivables		(2,808,795)	11,023,580	(7,091,589)
Prepayments and other current assets		(1,435,219)	(7,437,987)	(12,226,054)
Deferred input VAT		3,952,282	5,951,411	(14,690,233)
Increase (Decrease) in operating liabilities:				
Trade and other payables		4,236,484	(5,837,451)	(303,113)
Advance rent		(10,822)	(652,518)	-
Security deposits		(1,371,196)	(872,901)	(51,968)
Deferred credits		-	(16,649)	(58,689)
Cash generated from operations		27,780,766	32,863,680	19,148,965
Income taxes paid		(110,329)	(106,725)	(2,669,116)
Interest received	7	366,452	638,822	6,227,725
Net cash from operating activities		28,036,889	33,395,777	22,707,574
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of financial assets measured at FVTPL	8	70,619,455	-	-
Loan payments received from related party	15	3,051,389	740,048	-
Interest received	13,15	3,761,904	3,299,094	-
Advances to related parties	15	(43,527)	(155,247)	-
Purchase of property and equipment	11	(694,166)	(266,233)	(2,152,097)
Purchase of investment properties	12	(921,212)	(3,581,737)	(165,457,131)
Purchase of financial assets measured at FVTPL	8	(70,619,455)	(232,500,000)	-
Loans given to related party	15	-	(9,500,000)	-
Purchase of investment in trust accounts	13	-	-	(75,555,000)
Disposal of short-term investments	7	-	-	50,311,667
Net cash from (used in) investing activities		5,154,388	(241,964,075)	(192,852,561)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from (payment to) related parties	15	-	(412,662)	362,125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		33,191,277	(208,980,960)	(169,782,862)
CASH AND CASH EQUIVALENT AT BEGINNING OF YEAR	7	73,570,585	282,551,545	452,334,407
CASH AND CASH EQUIVALENT AT END OF YEAR	7	106,761,862	73,570,585	282,551,545

(See Notes to the Financial Statements)

KEPWEALTH PROPERTY PHILS., INC.
MAKATI CITY – PHILIPPINES

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

AND

INDEPENDENT AUDITORS' REPORT

1. CORPORATE INFORMATION AND STATUS OF OPERATION

Kepwealth Property Phils., Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 23, 2005. The principal activities of the Company are to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, exchange, maintain, administer, manage, and operate alone or jointly with others, or otherwise dispose of real property, such as but not limited to office, commercial, agricultural and residential properties, hotels, inns, resorts, apartments, or personal property of every kind and description.

On March 9, 2019, the SEC approved the amendment of the Company's Articles of Incorporation. The amendment includes the following:

- change in business purpose from engaging in real estate business, excluding land ownership, to investing, purchasing, or otherwise acquiring and owning, holding, using, selling, assigning, transferring, leasing, mortgaging, exchanging, maintaining, administering, managing and operating alone or jointly with others, or otherwise disposing of real property, such as but not limited to office, commercial, agricultural and residential properties, hotel inns, resorts, apartments, or personal property of every kind and description;

- change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively; and

- change of principal office to Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Ave., Makati City

The change in authorized capital structure resulted to an increase in authorized common shares by 356,200,000. On the other hand, the authorized preferred shares have decreased due to reclassification of 277,000,000 preferred shares to common shares.

The Company's stockholders and Board of Directors (BOD) declared stock dividends of 49,000,000 common shares on January 30, 2019.

On the same date, the stockholders and the BOD authorized the Company to undertake an initial public offering (IPO) of its common shares with the Philippine Stock Exchange (PSE). Subsequently, on July 23, 2019 and July 24, 2019, the SEC and the PSE approved the Company's application for IPO.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱359,985,297, net of offer expenses of ₱24,767,164.

The Company's office address is located at Unit IJ01-23 Burgundy Corporate Tower, 252 Sen. Gil Puyat Avenue, Makati City and is domiciled in the Philippines.

2. ADOPTION OF NEW AND REVISED PHILIPPINE FINANCIAL REPORTING STANDARDS (PFRSs)

The Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRSs). The term PFRSs in general includes all applicable PFRSs, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and Philippine Financial Reporting Interpretations Committee (PFRIC) which have been approved by the FSRSC and adopted by SEC.

These new and revised PFRS prescribe new accounting recognition, measurement and disclosure requirements applicable to the Company. When applicable, the adoption of the new standards was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

2.01 New and Revised PFRSs With No Material Effect on Financial Statements

The following new and revised PFRSs have been adopted in these financial statements. The application of these new and revised PFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- Amendments to PFRS 16, *COVID-19-Related Rent Concessions* beyond 30 June 2021

  The following are the amendments to PFRS 16:

  - permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021);
  - require a lessee applying the amendment to do so for annual reporting periods beginning on or after 1 April 2021;
  - require a lessee applying the amendment to do so retrospectively, recognising the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment; and
  - specify that, in the reporting period in which a lessee first applies the amendment, a lessee is not required to disclose the information required by paragraph 28(f) of PAS 8.

  The amendments are effective for annual reporting periods beginning on or after April 1, 2021.

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

  The following are the amendments in reference to the conceptual framework:

  - update PFRS 3 so that it refers to the 2018 Conceptual Framework instead of 1989 Framework;
  - add to PFRS 3 a requirement that, for transactions and other events within the scope of PAS 37 or IFRIC 21, an acquirer applies PAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
  - add to PFRS 3 an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

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

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

  The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

The amendments are effective for annual periods beginning on or after January 1, 2022. An entity applies the amendments retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

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

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

- Annual Improvements to PFRS Standards 2018-2020 Cycle

  Amendments to PFRS 1, *Subsidiary as a first-time adopter* – The amendment permits a subsidiary that applies paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to PFRSs.

  Amendments to PFRS 9, *Fees in the '10 per cent' test for derecognition of financial liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of PFRS 9 in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

  Amendments to PFRS 16, *Lease Incentives* – The amendment to Illustrative Example 13 accompanying PFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

  Amendments to PAS 41, *Taxation in fair value measurements* – The amendment removes the requirement in paragraph 22 of PAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in PFRS 13.

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

2.02 New and Revised PFRSs in Issue but Not Yet Effective

The Company will adopt the following standards and interpretations enumerated below when they become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS, to have significant impact on the financial statements.

2.02.01 Standard Adopted by FSRSC and Approved by the Board of Accountancy (BOA)

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

  The amendments to PAS 1 are the following:

  - clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
  - clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
  - make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

  The amendments defer the effective date of the January 2020 Classification of Liabilities as Current or Non-Current (Amendments to PAS 1) to annual reporting periods beginning on or after January 1, 2023. Earlier application of the January 2020 amendments continues to be permitted.

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

  The definition of accounting estimates has been amended as follows: accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The amendment also clarifies the following:

  - Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
  - A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
  - A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and changes in accounting policies and changes in accounting estimates that occur on or after the start of that period., with earlier application permitted.

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statements 2, *Disclosure Initiative-Accounting policy*

  The amendments to PAS 1 are the following:
  - an entity is now required to disclose its material accounting policy information instead of its significant accounting policies;
  - several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;

The amendments also clarify the following:

- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

In addition, PFRS Practice Statement 2 has been amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information in order to support the amendments to PAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

- Amendment to PAS 12, *"Deferred tax related to assets and liabilities arising from a single transaction"*

  The amendments introduce an exception to the initial recognition exemption (IRE) in PAS 12. Additional exclusions have been added to the IRE, detailed in paragraphs 15(b)(iii) and 24(c) for deferred tax liabilities and assets respectively. The effects of these amendments essentially mean that the IRE is not available for transactions which involve the recognition of both an asset and liability – which in turn leads to equal and opposite temporary differences – such that deferred taxes are calculated and booked for both temporary differences, both at initial recognition and subsequently. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  The initial recognition exemption was initially included within PAS 12 to prevent a lack of reporting transparency for transactions which are not business combinations and, at the time of the transaction, do not affect either accounting or taxable profits. Under this exemption, deferred tax assets/liabilities would neither be recognized at initial recognition of the underlying asset/liability, nor subsequently.

  The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the amendments also apply to taxable and deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning obligations and corresponding amounts recognized as assets at the beginning of the earliest comparative period presented.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early application of the amendments is permitted.

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

  The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early application of the amendments is permitted.

- Amendments to PAS 1, Noncurrent Liabilities with Covenants

  The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - Classification of Liabilities as Current or Noncurrent for that period.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Early application of the amendments is permitted.

- PFRS 17, *Insurance Contracts*

  PFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. It requires an entity that issues insurance contracts to report them on the balance sheet as the total of the fulfilment cash flows and the contractual service margin. It requires an entity to provide information that distinguishes two ways insurers earn profits from insurance contracts: the insurance service result and the financial result. It requires an entity to report as insurance revenue the amount charged for insurance coverage when it is earned, rather than when the entity receives premium. It requires that insurance revenue to exclude the deposits that represent the investment of the policyholder, rather than an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than as insurance expense.

  PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Early application is permitted for entities that apply PFRS 9, Financial Instruments and PFRS 15, Revenue from Contracts with Customers on or before the date of initial application of PFRS 17.

  An entity shall apply PFRS 17 retrospectively unless impracticable, except that an entity is not required to present the quantitative information required by paragraph 28(f) of PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and an entity shall not apply the option in paragraph B115 for periods before the date of initial application of PFRS 17. If, and only if, it is impracticable, an entity shall apply either the modified retrospective approach or the fair value approach.

- Amendments to PFRS 17, *Insurance Contracts*

  The amendments cover the following areas:

  - Insurance acquisition cash flows for renewals outside the contract boundary;
  - Reinsurance contracts held—onerous underlying insurance contracts;
  - Reinsurance contracts held—underlying insurance contracts with direct participation features; and
  - Recognition of the contractual service margin in profit or loss in the general model.

  The amendments are affective to annual reporting periods beginning on or after January 1, 2025.

- Amendment to PFRS 17, "Initial Application of PFRS 17 and PFRS 9—Comparative Information"

  The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and Insurance contract liabilities, and therefore Improve the usefulness of comparative information for users of financial statements.

  PFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after January 1, 2025.

  2.02.02 Deferred

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments clarify the treatment of the sale or contribution of assets between an investor and its associate and joint venture. This requires an investor in its financial statements to recognize in full the gains and losses arising from the sale or contribution of assets that constitute a business while recognize partial gains and losses if the assets do not constitute a business (i.e. up to the extent only of unrelated investor share).

  On January 13, 2016, the FSRSC decided to postpone the original effective date of January 1, 2016 of the said amendments until the IASB has completed 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.

3. BASIS FOR THE PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

3.01 Statement of Compliance

The financial statements have been prepared in conformity with PFRS and are under the historical cost convention, except for certain financial instruments that are carried at amortized cost or at fair value.

3.02 Presentation and Functional Currency

Items included in the financial statements of the Company are measured using Philippine Peso (₱), the currency of the primary economic environment in which the Company operates (the "functional currency"). All information presented in Philippine Peso has been rounded to the nearest Peso, except when otherwise specified.

The Company chose to present its financial statements using its functional currency.

3.03 Current and Non-current Presentation

The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within twelve (12) months after the reporting period; or
- The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

The Company classifies all other assets as non-current.

The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within twelve (12) months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Company in the preparation of its financial statements are enumerated below and are consistently applied to all the years presented, unless otherwise stated.

4.01 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.

When measuring fair value the Company takes into consideration the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions. In addition, it assumes that the transaction takes place either: (a) in the principal market; or (b) in the absence of a principal market, in the most advantageous market.

The Company considers the fair value of an asset or a liability 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 assumes that a financial or non-financial liability or an entity's own equity instruments (e.g. equity interests issued as consideration in a business combination) is transferred to a market participant at the measurement date. The transfer of a liability or the Company's own equity instrument assumes the following:

- A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date.
- The Company's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

4.02 Financial Assets

4.02.01 Initial Recognition and Measurement
The Company recognizes a financial asset in its statements of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Except for trade receivables that do not have a significant financing component, at initial recognition, the Company measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

4.02.02 Classification

➢ Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

The Company's financial assets measured at amortized cost pertain to cash in banks, cash equivalent, trade and other receivables (except for advances to supplier), due from related parties, and investment in trust accounts.

a) Cash in banks and cash equivalent
Cash in banks are deposits held at call with bank that are subject to insignificant risk of change in value and shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three (3) months or less from the date of acquisition and are subject to an insignificant risk of change in value. This shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

b) Trade and Other Receivables, and Due from Related Parties

Trade and other receivables and due from related parties are measured at amortized cost using the effective interest method, less any impairment. Finance income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

c) Investment in Trust Accounts
Investments in trust accounts are initially recognized at the transaction price including transaction costs. Subsequently, these assets are measured at amortized cost less impairment.

- Financial Asset at Fair Value through Profit or Loss

  A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

  The Company at initial recognition, irrevocably designates a financial asset as measured at fair value through profit or loss, because it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

  The Company's financial asset at fair value through profit or loss pertains to investment in Unit Investment Trust Fund (UITF). The Company's financial assets at FVTPL are classified as held for trading that can be disposed within 12 months after the reporting period.

- Financial Asset at Fair Value through Other Comprehensive Income

  For debt instruments that meet the contractual cash flow characteristic and are not designated at FVTPL under the fair value option, the financial assets are measured at FVTOCI if both of the following conditions are met:

  - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets; 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 equity instruments, the Company may irrevocably designate the financial asset to be measured at FVTOCI in case the above conditions are not met.

  Financial assets at FVTOCI are initially measured at fair value plus transaction costs. After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instruments measured at FVTOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

  Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods.

The Company does not have financial assets at fair value through other comprehensive income in both years.

4.02.03 Reclassification
When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets in accordance with Note 4.02.02. If the Company reclassifies financial assets, it shall apply the reclassification prospectively from the reclassification date. The Company shall not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

4.02.04 Effective Interest Method
Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets and financial assets that are not purchased or originated credit-impaired but subsequently have become credit-impaired.

4.02.05 Impairment of Financial Assets

The Company measures expected losses of a financial instrument in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable assumption that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Company adopted the following approaches in accounting for impairment.

➢ Simplified Approach

The Company always measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

➢ General Approach

The Company applies general approach to cash in banks, cash equivalent, other receivables (except for advances to suppliers), due from related parties and investment in trust accounts. At each reporting date, the Company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. However, if the credit risk has not increased significantly, the Company measures the loss allowance equal to 12-month expected credit losses.

The Company compares the risk of default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP, interest, and inflation rates, the performance of the counterparties' industry, that is available without undue cost or effort, to determine whether there is a significant increase in credit risk or not since initial recognition.

The Company determines that there has been a significant increase in credit risk when there is a significant decline in the factors. The Company assumes that the credit risk on cash in banks has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Company did not apply the 30 days past due rebuttable presumption because based on the Company's historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

The Company does not apply the 90 days past due rebuttable presumption in determining whether a financial asset is credit-impaired or not, since based on the Company's historical experience, past due amounts even over 90 days are still collectible.

If the Company has measured the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date, that the credit quality improves (i.e. there is no longer a significant increase in credit risk since initial recognition), then the Company shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

The Company performs the assessment of significant increases in credit risk on an individual basis by considering information that is indicative of significant increases in credit risk.

The Company determines that a financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the counterparty;
- A breach of contract, such as a default or past due event;
- The lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; and
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization.

4.02.06 Derecognition
The Company shall derecognize a financial asset when, and only when the contractual rights from the cash flows of the financial asset have expired or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received shall be recognized in profit or loss.

4.02.07 Write-off
The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

4.03 Financial Liabilities

4.03.01 Classification as Debt or Equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Capital stock is classified as equity.

4.03.02 Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

4.03.03 Financial Liabilities - Initial Recognition and Measurement
The Company recognizes a financial liability in its statements of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial liability at its fair value minus, in the case of financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.03.04 Classification

The Company classifies all financial liabilities as subsequently measured at amortized, except for:

- financial liabilities at fair value through profit or loss;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in a business combination.

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 statements of comprehensive income.

The Company's financial liabilities measured at amortized cost include trade and other payables (excluding advance rent, statutory payables and deferred credits) and security deposits.

The Company has no financial liabilities measured at fair value through profit or loss in both years.

4.03.05 Derecognition

The Company removes a financial liability (or part of a financial liability) from its statements of financial position when, and only when, it is extinguished (i.e. when the obligation in the contract is discharged or cancelled or has expired).

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4.04 Offsetting of Financial Instruments

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

4.05 Other non-financial assets

4.05.01 Prepaid expenses

Prepaid expenses represent expenses not yet incurred but already paid in advance. Prepaid expenses are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are expensed to profit or loss as they are consumed in the operations or has expired with the passage of time.

4.05.02 Prepaid income tax

Prepaid income tax pertains to excess income taxes paid over the actual due under the provisions of the tax code as a result of withholding of taxes at income sources and prior year excess taxes carried over.

4.05.03 Deferred Input VAT

Deferred input VAT is recognized when the Company pays for a VATable transaction arising from purchase of capital goods but are not yet allowed as credit for any output VAT due for the current period.

4.06 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation including property under construction for such purposes, is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and impairment loss.

Depreciation is computed using the straight-line method based on the estimated useful lives ranging from thirteen (13) to forty (40) years for condominium units and parking lots.

Initial leasing cost is capitalized as cost of investment properties and is amortized over the lease term on the same basis as leasing revenue.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in PFRS 15.

4.07 Property and Equipment

Property and equipment are initially measured at cost. The cost of property and equipment consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Subsequent to initial recognition property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the property and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Major renovations that qualify for capitalization are depreciated and amortized over the remaining useful life of the related asset up to the date of the next major renovation, whichever is shorter.

Depreciation is computed on the straight-line method of depreciation based on the estimated useful lives of the assets as follows:

Office Equipment	3 years
Office Improvements	3 – 5 years

The property and equipment’s residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Fully depreciated property and equipment are retained in the books until these are no longer being used in the operations.

An item of property and equipment is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of a property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss.

4.08 Impairment of Non-financial Assets

At each reporting date, the Company reviews the carrying amounts of that any assets other than, deferred tax assets and financial assets that are within the scope of PFRS 9, *Financial Instruments,* to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and the value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.09 Equity

Capital stock represents the nominal (par) value of shares that have been issued.

Additional paid-in capital represents the excess of proceeds and/or fair value of considerations received over the par value of the subscribed capital stock. Incremental costs directly attributable to the issuance of new shares are recognized as a deduction from equity, net of tax.

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

4.10 Employee Benefits

4.10.01 Short-term Benefits and Other Long-term Employee Benefits
A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Short term benefits given by the Company to its employees include wages and salaries and other employee benefits.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

4.10.02 Retirement Benefits
The Company does not have a formal retirement benefit plan. However, the Company will provide retirement benefits in compliance with RA 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

4.11 Revenue Recognition

The Company recognizes revenue when (or as) the Company satisfies a performance obligation by transferring a promised good or service (i.e. asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

4.11.01 Performance Obligations Satisfied Over Time
The Company transfers control of a service over time and, therefore, satisfies a performance obligation and recognizes revenue over time if the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

Revenue recognized over time encompasses revenue from property administration fee and leasing commission.

4.11.01.01 Property Administration Fee
Property administration fee pertains to management of various properties.

4.11.01.02 Leasing Commission
Lease commission is recognized when related services are rendered.

4.11.02 Rental Income
The Company's policy for recognition of revenue from operating leases is described in Note 4.13.

4.11.03 Interest Income
Interest income is recognized as interest accrues, taking into account the effective yield on the asset.

4.11.04 Principal versus Agent Considerations
The Company should determine whether it is a principal or an agent in a transaction through the nature of its promise in a performance obligation.
The Company determines whether the nature of its promise is a performance obligation to provide a specified service itself (i.e. the Company is a principal) or to arrange for the other party to provide those services (i.e. the Company is an agent).

The Company is a principal if it controls a promised service before it transfers the service to a customer. It recognizes revenue in the gross amount of consideration to which it expects to be entitled in exchange for those services transferred.

The Company is an agent if its performance obligation is to arrange for the provision of services by another party. It recognizes revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its services.

4.12 Cost and Expense Recognition

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

4.12.01 Cost of Services
Cost of services are recognized as expense when the related services are rendered.

4.12.02 Operating Expenses
Operating expenses constitute costs of administering the business and costs incurred to sell and market services. These are expensed as incurred.

4.13 Leases

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

4.13.01 The Company as a Lessor
Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Rent received in advance is recognized as “Advance rent” in the statements of financial position, while unamortized day-1 gain is recognized as “Deferred credits” in the statements of financial position. Security deposits received are refundable at the end of the lease term. These security deposits are measured at amortized cost using the effective interest rate method at the inception of the lease agreements. Advance rent, deferred credits and security deposits, which are expected to be settled within 12 months after reporting year are classified as current and presented under “trade and other payables” in the statements of financial position. Otherwise, these are classified as non-current liabilities.

4.13.02 The Company as a Lessee
The Company considers whether a contract is, or contains a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for a consideration.

To apply this definition the Company assesses whether the contract meets three key evaluations, which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company.
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

The Company has elected to account for short-term leases and low-value assets using the practical expedients. Instead of recognizing a ROU asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss.

4.14 Related Parties and Related Party Transactions

A related party is a person or entity that is related to the Company that is preparing its financial statements. A person or a close member of that person's family is related to Company if that person has control or joint control over the Company, has significant influence over the Company, or is a member of the key management personnel of the Company or of a parent of the Company.

An entity is related to the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- The entity is controlled or jointly controlled by a person identified above;
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- Management entity providing key management personnel services to a reporting entity.

Close members of the family of a person are those family members, who may be expected to influence, or be influenced by, that person in their dealings with the Company and include that person's children and spouse or domestic partner; children of that person's spouse or domestic partner; and dependents of that person or that person's spouse or domestic partner.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

4.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

4.15.01 *Current Tax*
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provision recognized are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgment of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

4.15.02 Deferred Tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits from excess Minimum Corporate Income Tax (MCIT) over Regular Corporate Income Tax (RCIT) and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and carry forward of unused MCIT and unused NOLCO can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition (other than in a business combination) assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Pursuant to Section 4 (bbbb) of Republict Act No. 11494 or the “Bayanihan to Recover as One Act” (Bayanihan 2) and as implemented under Revenue Regulation No. 25-2020, the net operating loss of a business or enterprise for the taxable years 2020 and 2021 shall be carried over as deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss. The net operating loss for said taxable years may be carried over as a deduction even after the expiration of Bayanihan 2, provided the same are claimed within the next five (5) consecutive taxable years immediately following the year of such loss.

4.15.03 Current and Deferred Tax for the Period
Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax-effect is included in the accounting for business combination.

4.16 Earnings Per Share

The Company computes its basic earnings per share by dividing net income or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, profit or loss attributable to ordinary equity holders of the Company, and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential ordinary shares.

4.17 Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

4.18 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

4.19 Events After the End of the Reporting Period

The Company identifies subsequent events as events that occurred after the reporting date but before the date when the financial statements were authorized for issue. Any subsequent events that provide additional information about the Company's position at the reporting date, adjusting events, are reflected in the financial statements, while subsequent events that do not require adjustments, non-adjusting events, are disclosed in the notes to financial statements when material.

4.20 Changes in Accounting Estimates

The effect of a change in an accounting estimate shall be recognized prospectively by including it in profit or loss in: (a) the period of the change, if the change affects that period only; or (b) the period of the change and future periods, if the change affects both.

4.21 Changes in Accounting Policies

The adoption of the new and revised standards and interpretations disclosed in Note 2.01 was made in accordance with their transitional provisions, otherwise the adoption is accounted for as change in accounting policy under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in accordance with PFRS requires the Company to make judgments, accounting estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

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

5.01 Judgments

In the process of applying the 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:

5.01.01 Determining the Classification of Financial Assets
Classification of financial assets under PFRS 9 depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. The Company also determines whether the contractual terms of financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Management assessed that the contractual terms of its financial assets excluding financial assets at FVTPL, are solely payments of principal and interest and consistent with basic lending arrangement.

As of December 31, 2022 and 2021, the Company's financial assets at amortized cost amounted to ₱194,943,838 and ₱160,121,851, respectively, as disclosed in Note 27.02.

5.01.02 Determining the Operating Segments
Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Company determined that its operating segments are organized and managed separately based on the nature of the business segment, with each business representing a strategic business segment.

5.01.03 Determining the Classification of Leases - The Company as a Lessor
The Company classifies leases in accordance with the substance of the contractual agreement and the transfer of the risks and benefits incidental to the ownership of the leased property. Leases, where management has determined that the risks and rewards related to the leased property are transferred to the Company, are classified as finance leases. On the other hand, leases entered into by the Company, where management has determined that the risks and rewards of the leased property are retained with the lessor, are accounted for as operating leases.

The Company entered into a number of operating lease agreements as a lessor. As a lessor, the Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

Rental income from lease of properties amounted to ₱49,788,191, ₱55,119,445 and ₱66,023,329 in 2022, 2021 and 2020, respectively, as disclosed in Notes 12 and 17.

5.01.04 Determining the Classification of Investment Properties
The Company determines whether a property qualifies as an investment property when it is held primarily to earn rentals or capital appreciation or both and is not substantially for use by, or in the operations of, the Company.

The Company's condominium units and parking slots and initial leasing cost amounting to ₱385,957,349 and ₱418,843,089 as of December 31, 2022 and 2021, respectively, qualifies as investment property as it is held for rental as disclosed in Note 12.

5.01.05 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised
For lease contracts of office space, Management assessed that it is reasonably certain that it will not exercise the extension option.

5.01.06 Assessment of Timing of Satisfaction of Performance Obligations
The Company satisfies a performance obligation by transferring control of a promised good to the customer, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied over time; this is when the related services are rendered.

In 2022, 2021 and 2020 revenue from property administration fee and leasing commission amounted to nil, ₱8,581 and ₱15,385,000, respectively, as disclosed in Note 17.

5.01.07 Assessment of the Transaction Price and the Amounts Allocated to Performance Obligations
A performance obligation is a vendor's promise to deliver a good that is 'distinct' from other services identified in the contract.

Management assessed that the allocation of transaction price to performance obligations is not applicable since there is only one performance obligation for each contract with a customer which is to render service.

In 2022, 2021 and 2020, revenue from property administration fee and leasing commission amounted to nil, ₱8,581 and ₱15,385,000, respectively, as disclosed in Note 17.

5.01.08 Assessment of 30 days Rebuttable Presumption
The Company determines when a significant increase in credit risk occurs on its financial assets based on its credit management practice.

Management believes that the thirty (30) days rebuttable presumption on determining whether there is a significant increase in credit risk in financial assets is not applicable because based on the Company’s historical experience, credit risk has not increased significantly even the amounts are past due for more than 30 days.

5.01.09 Assessment of 90 days Rebuttable Presumption
The Company determines when a default occurs on its financial assets based on its credit management practice.

Management believes that the thirty (90) days rebuttable presumption on determining whether financial assets are credit impaired is not applicable since based on Company’s policy, loans at default for more than ninety (90) days are still collectible.

5.01.10 Distinction between Property and Equipment and Investment Properties
The Company determines whether a property qualifies as investment properties. In making its judgments, the Company considers whether the property generates cash flows largely independent of the other assets held by the entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Company accounts for the portions separately. If the portion cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment properties. The Company considers each property separately in making its judgment.

The Company classified the condominium units and parking slots and initial leasing cost as investment properties because these are held for rentals. Accordingly, the carrying amounts of investment properties amounted to ₱385,957,349 and ₱418,843,089 as of December 31, 2022 and 2021, respectively, as disclosed in Note 12.

5.01.11 Assessment of Principal-Agency Arrangement
When another party is involved in providing goods or services to a customer, the entity shall determine whether the nature of its promise is a performance obligation to provide the specified goods or services itself (ie the entity is a principal) or to arrange for the other party to provide those goods or services (ie the entity is an agent) to which it expects to be entitled in exchange for those services transferred.

In 2022, 2021 and 2020, the Company assessed that it is acting as agent and recognized lease commission from principal-agency relationship amounting to nil, ₱8,581 and ₱281,028, respectively, as disclosed in Note 17.

5.02 Key Sources of Estimation Uncertainties

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.02.01 Residual Values, Useful Lives and Depreciation Method of Property and Equipment and Investment Property
The residual values, useful lives and depreciation method of the Company’s property and equipment and investment property are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change in, how an asset is used; significant unexpected wear and tear; technological advancement; and changes in market prices since the most recent annual reporting date.

The useful lives of the Company's assets are estimated based on the period over which the assets are expected to be available for use. In determining the useful life of an asset, the Company considers the expected usage, expected physical wear and tear, technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output and legal or other limits on the use of the Company's assets. In addition, the estimation of the useful lives is based on Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of office equipment would increase the recognized operating expenses and decrease non-current assets.

The Company uses a depreciation method that reflects the pattern in which it expects to consume the asset's future economic benefits. If there is an indication that there has been a significant change in the pattern used by which a Company expects to consume an asset's future economic benefits, the Company shall review its present depreciation method and, if current expectations differ, it shall change the depreciation method to reflect the new pattern.

In both years, Management assessed that there are no indications of a significant change in pattern used by the Company to consume the property and equipment's and investment properties' future economic benefit.

As of December 31, 2022 and 2021, the carrying amounts of property and equipment and investment properties amounted to ₱387,614,123 and ₱420,539,140, respectively, as disclosed in Notes 11 and 12.

5.02.02 *Estimating Asset Impairment*
The Company performs an impairment review when certain impairment indicators are present. Determining the fair value of advances to suppliers, prepayments and other current assets, investment properties, property and equipment and deferred input VAT requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets and requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude advances to suppliers, prepayments and other current assets, investment properties, property and equipment and deferred input VAT are impaired. Any resulting impairment loss could have a material adverse impact on the financial condition and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS.

In both years, Management assessed that no indicators of impairment had existed on its advances to suppliers, prepayments and other current assets, investment properties, property and equipment and deferred input VAT. As of December 31, 2022 and 2021, the carrying amounts of the aforementioned assets amounted to ₱410,334,733 and ₱445,403,254, respectively, as disclosed in Notes 9, 10, 11 and 12.

5.02.03 *Estimating the Expected Credit Losses on Trade Receivables*
The Company estimates ECL on trade receivables using a provision matrix that is based on the days past due for groupings of various customer segments that have similar loss patterns. Depending on the diversity of its debtor's base, the Company uses its historical credit loss experience adjusted for forward-looking factors, as appropriate and macro-economic factors. The Company regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual experience.

In 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized, as disclosed in Note 19.

5.02.04 Estimating the Expected Credit Losses on Other Financial Assets at Amortized Cost
The Company determines ECL on its other financial assets at amortized cost using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over their expected lives. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the debtor.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the debtor.

The Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2022, 2021 and 2020.

5.02.05 Estimating Recoverability of Deferred Tax Assets (DTA)
The Company reviews the carrying amounts at each reporting date and reduces DTA to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the DTA to be utilized.

The Company recognized DTA amounting to ₱5,861,792 and ₱3,914,289, as at December 31, 2022 and 2021, respectively, as disclosed in Note 24.

5.02.06 Determining Fair Value of Financial Assets and Liabilities
The Company carries some of its financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. In addition, certain liabilities acquired through debt exchange and restructuring are required to be carried at fair value at the time of the debt exchange and restructuring. While significant components of fair value measurement were determined using verifiable objective evidence, i.e., foreign exchange rates, interest rates, volatility rates, the amount of changes in fair value would differ if the Company utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the profit or loss and equity.

Fair value of the Company's financial assets and liabilities are disclosed in Note 26.

5.02.07 Estimation of Retirement Liability
Management has reviewed its obligation for retirement benefit cost in view of the requirements under Republic Act (RA 7641). Management has assessed that current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit cost is recognized in the financial statements as at December 31, 2022 and 2021. Management however will continue to have a yearly assessment of its obligations, if any, to pay retirement benefit costs.

(In Philippine Peso)

6. INITIAL PUBLIC OFFERING

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360 million net of offer expenses of ₱24,767,164, as disclosed in Note 1.

In 2022, no disbursements and applications were made during the year; while in 2021, the Company made disbursements and applications amounting to ₱2,622,355 referring to transfer tax, real property tax and payments to registry of deeds of property located in Metro Manila.

The unapplied proceeds from the IPO of ₱170,452,249 as at December 31, 2022 are maintained in various current and saving accounts and highly liquid investments. It will be used to fund key property acquisitions for leasing purposes.

Management evaluated and believe that it is to the best interest of its Shareholders that the Company remain conservative in its investment in capital acquisition as the projected return on investments are unacceptable at this time.

7. CASH AND CASH EQUIVALENT

Cash at the end of the reporting period as shown in the statements of cash flow can be reconciled to the related items in the statements of financial position:

		2022		2021
Cash in banks	₱	**100,657,009**	₱	60,470,562
Cash equivalent		**6,079,112**		13,074,282
Cash on hand		**25,741**		25,741
	₱	**106,761,862**	₱	73,570,585

Cash in-banks earns interest at the respective bank deposit rates. Cash equivalent has a maturity of less than three months and with annual interest at 3.30%.

Interest income earned from bank deposits amounted to ₱366,452, ₱638,822 and ₱6,557,137 in 2022, 2021 and 2020, respectively, as disclosed in Note 19.

Short-term investments

In 2019, the Company acquired short-term investments amounting to ₱50,311,667 which was disposed in 2020 for the same amount.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial assets at fair value through profit or loss (FVTPL) includes the following investments:

		2022		2021
China Bank Short-Term Fund (China Bank)	₱	**102,188,872**	₱	100,923,852
Sun Life Prosperity Peso Starter Fund, Inc (Sun Life)		**135,590,600**		63,012,491
Rizal Peso Money Market (RCBC)		-		70,567,669
	₱	**237,779,472**	₱	234,504,012

(In Philippine Peso)

An analysis of the Company's financial assets at fair value through profit or loss is as follows:

	China Bank	RCBC	Sun Life	Total
January 1, 2021				
Cost	₱ -	₱ -	₱ -	₱ **-**
Additions	100,000,000	70,000,000	62,500,000	**232,500,000**
Unrealized gain (Note 19)	923,852	567,669	512,491	**2,004,012**
December 31, 2021	**100,923,852**	**70,567,669**	**63,012,491**	**234,504,012**
Additions	-	-	70,619,455	**70,619,455**
Disposal	-	(70,567,669)	-	**(70,567,669)**
Unrealized gain (Note 19)	1,265,020	-	1,958,654	**3,223,674**
December 31, 2022	**₱ 102,188,872**	**₱ -**	**₱ 135,590,600**	**₱ 237,779,472**

In 2022, the Company's investment with RCBC was redeemded with a proceed amounting to ₱70,619,455 resulting to a realized gain of ₱51,786, as disclosed in Note 19. The proceeds was then used to make additional investment to Sun Life for the same amount.

The Company's financial assets at FVTPL are classified as held for trading that can be disposed within 12 months after the reporting period.

9. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables consist of:

	2022	2021
Trade receivables	₱ **5,731,285**	₱ 2,106,808
Advances to suppliers	**1,165,152**	791,593
Staff advances	**771,704**	738,444
Accrued rent (Note 22)	**189,571**	1,126,504
Others	**52,820**	338,388
	₱ **7,910,532**	₱ 5,101,737

Trade receivables are non-interest bearing and are generally collectible in the succeeding month.

Advances to suppliers are payments made in advance by the Company to its contractors for its office improvements.

Accrued rent pertains to straight-line adjustments in accordance with the accounting for leases.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

In 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized, as disclosed in Note 19.

(In Philippine Peso)

Trade receivables disclosed above include amounts which are past due at the end of the reporting period but against which the Company has not recognized an allowance for estimated credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

Aging of accounts that are past due but not credit-impaired during 2022 and 2021 is as follows:

		2022		2021
1 – 30 days outstanding/ past due	₱	**347,674**	₱	292,410
31 – 60 days outstanding/ past due		**554,567**		82,924
61 – 90 days outstanding/ past due		**300,547**		73,932
over 90 days outstanding/ past due		**2,401,515**		137,751
	₱	**3,604,303**	₱	587,017

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Management believe that there is no further credit required to be recognized in excess of the allowance for expected credit losses.

10. PREPAYMENTS AND OTHER CURRENT ASSETS

The details of the Company's prepayments and other current assets are shown below:

		2022		2021
Prepaid expenses	₱	**4,876,313**	₱	4,442,121
Prepaid income tax		**7,961,056**		5,723,940
Deferred input VAT		**3,952,283**		5,245,718
Input VAT		**154,812**		-
Receivable from government agencies		**-**		24,160
Others		**-**		73,306
	₱	**16,944,464**	₱	15,509,245

Prepaid expenses include advance payment for condominium dues and real property taxes.

Prepaid income tax pertains to excess income taxes paid over the actual due under the provisions of the tax code as a result of withholding of taxes at income sources and prior year excess taxes carried over.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties. Deferred input VAT is presented net of non-current portion amounting to ₱4,610,994 and ₱8,563,276 as of December 31, 2022 and 2021, respectively.

(In Philippine Peso)

11. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Company's property and equipment is as follows:

	2022					
		Office Improvements		Office Equipment		Total
Cost						
Balance, January 1	₱	**2,295,954**	₱	**636,019**	₱	**2,931,973**
Additions		**694,166**		**-**		**694,166**
Balance, December 31		**2,990,120**		**636,019**		**3,626,139**
Accumulated Depreciation						
Balance, January 1		**838,886**		**397,036**		**1,235,922**
Depreciation (Note 20)		**553,241**		**180,202**		**733,443**
Balance, December 31		**1,392,127**		**577,238**		**1,969,365**
Carrying Amount	₱	**1,597,993**	₱	**58,781**	₱	**1,656,774**

	2021					
		Office Improvements		Office Equipment		Total
Cost						
Balance, January 1	₱	2,123,476	₱	542,264	₱	2,665,740
Additions		172,478		93,755		266,233
Balance, December 31		2,295,954		636,019		2,931,973
Accumulated Depreciation						
Balance, January 1		389,628		186,001		575,629
Depreciation (Note 20)		449,258		211,035		660,293
Balance, December 31		838,886		397,036		1,235,922
Carrying Amount	₱	1,457,068	₱	238,983	₱	1,696,051

All additions to property and equipment for 2022 and 2021 were paid for in cash.

The Company has no property and equipment with restricted title nor that are pledged as security for liabilities.

In both years, the Company determined that there is no indication that impairment has occurred on its property and equipment.

(In Philippine Peso)

12. INVESTMENT PROPERTIES – net

The carrying amounts of the Company's investment properties are as follows:

	2022		
	Condominium Units and Parking Slots	**Initial Leasing Cost**	**Total**
Cost			
Balance, January 1	₱ **843,197,481**	₱ **6,762,034**	₱ **849,959,515**
Additions	**481,536**	**439,676**	**921,212**
Balance, December 31	**843,679,017**	**7,201,710**	**850,880,727**
Accumulated Depreciation			
Balance, January 1	**424,788,288**	**6,328,138**	**431,116,426**
Depreciation (Note 18)	**33,197,092**	**609,860**	**33,806,952**
Balance, December 31	**457,985,380**	**6,937,998**	**464,923,378**
Carrying Amount	₱ **385,693,637**	₱ **263,712**	₱ **385,957,349**

	2021		
	Condominium Units and Parking Slots	Initial Leasing Cost	Total
Cost			
Balance, January 1	₱ 840,290,233	₱ 6,087,545	₱ 846,377,778
Additions	2,907,248	674,489	3,581,737
Balance, December 31	843,197,481	6,762,034	849,959,515
Accumulated Depreciation			
Balance, January 1	391,582,712	5,482,805	397,065,517
Depreciation (Note 18)	33,205,576	845,333	34,050,909
Balance, December 31	424,788,288	6,328,138	431,116,426
Carrying Amount	₱ 418,409,193	₱ 433,896	₱ 418,843,089

This account consists mainly of condominium units and parking slots at Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City. These units are being leased-out to third parties with lease terms ranging from one (1) to six (6) years. This also includes initial leasing cost which consists of unamortized portion of commission incurred for lease transactions.

In both years, additions were paid in cash.

The Company has not pledged its investment property to secure general banking facilities granted to the Company.

The property rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to ₱49,788,191, ₱55,119,445, and ₱66,023,329 in 2022, 2021 and 2020, respectively, as disclosed in Note 17.

The investment properties are leased out to outside parties to earn rental.

(In Philippine Peso)

In both years, no significant change in fair value of its investment properties since the latest appraisal, thus Management believes that the fair value approximates ₱869,200,000 which is based on the appraisal of an accredited independent appraiser. The latest appraisal report is dated July 6, 2018.

In both years, the Company determined that there is no indication that impairment has occurred on its investment properties.

13. INVESTMENT IN TRUST ACCOUNTS

The Company invested in trust accounts held by local banks aggregating to ₱75,555,000. The trustee-banks in turn invested in preferred shares of San Miguel Corporation which yields interest of 4.50% to 4.75% with a tenor of three (3) – five (5) years.

As of December 31, 2022 and 2021, investment in trust accounts amounted to ₱75,555,000. Interest income amounting to ₱3,404,283 and ₱3,186,889 was received in 2022 and 2021, respectively, as disclosed in Note 19. No income was received during 2020 from the trustee-banks resulting from the investment in trust accounts.

14. TRADE AND OTHER PAYABLES

The components of trade and other payables account are as follows:

	Note		**2022**		2021
Trade payable		₱	**6,029,005**	₱	2,204,218
Security deposits	*22*		**18,723,535**		16,365,914
Advance rent	*22*		**4,984,241**		5,879,335
Accrued expenses			**1,502,916**		1,312,613
Statutory payables			**62,194**		1,295,170
Deferred credits	*22*		**8,492**		16,649
Miscellaneous			**218,700**		218,700
		₱	**31,529,083**	₱	27,292,599

The average credit period on purchases of certain goods from suppliers is thirty (30) days. No interest is charged on trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued expenses include condominium dues, professional fees, taxes and licenses, salaries, utilities, directors and management fee and commission. Accrued expenses are normally settled within one year.

Statutory payables include output VAT, withholding taxes and government contributions, which are normally settled within the next month.

(In Philippine Peso)

15. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its related parties are disclosed below:

Related Party	Nature of Transactions	Year	Transaction during the period	Trade and other Receivables (Note 9)	Trade and Other Payables (Note 14)	Due from (due to) Related Parties
Entities under common control	Asset management	**2022**	₱ **-**	₱ **-**	₱ **-**	₱ **-**
		2021	8,581	-	-	-
	Contracted services	**2022**	**2,993,818**	**-**	**-**	**-**
		2021	2,996,968	-	-	-
	Commission expense	**2022**	**609,860**	**-**	**-**	**-**
		2021	845,333	-	-	-
	Condominium dues	**2022**	**10,968,550**	**-**	**-**	**-**
		2021	9,270,820	-	-	-
	Leasing revenue	**2022**	**435,600**	**-**	**-**	**-**
		2021	428,450	-	-	-
	Management income	**2022**	**329,412**	**-**	**-**	**-**
		2021	329,412	-	-	-
	Noninterest-bearing cash advances	**2022**	**43,527**	**-**	**-**	**198,774**
		2021	567,909	-	-	155,247
	Loans	**2022**	**-**	**-**	**-**	**5,708,563**
		2021	9,500,000	-	-	8,759,952
Stockholders	Director's fees	**2022**	**164,000**	**-**	**-**	**-**
		2021	248,000	-	-	-
		2022		₱ **-**	₱ -	₱ **5,907,337**
		2021		₱ -	₱ -	₱ 8,915,199

The Company in its regular conduct of business entered into transactions with related parties to augment its working capital requirements which principally consist of advances and reimbursement of expenses.

15.01 Significant Contract Agreement

Loan Contracts

In 2021, the Company has entered into loan agreement with its related party under common control. Details of the account is as follows:

	2022	2021
Balance as of January 1	₱ **8,759,952**	₱ -
Advances made	**-**	9,500,000
Principal received	**(3,051,389)**	(740,048)
Interest income	**357,621**	112,205
Interest received	**(357,621)**	(112,205)
Balance as of December 31	**5,708,563**	8,759,952
Current portion	**3,202,716**	3,051,389
Non-current portion	₱ **2,505,847**	₱ 5,708,563

These amounts are with 5% interest, unsecured and will be settled in cash within three (3) years. No provisions have been made for expected credit losses in respect of the amounts owed by related party.

Management Agreements
The Company has entered into management agreements with related parties under common control as follows:

- Operational, financial and administration services agreement for a fixed monthly fee. Management income amounted to ₱329,412 in 2022, 2021 and 2020, respectively, as disclosed in Note 19;

- Asset management for a fixed monthly fee starting March 2019. Total asset management revenue amounted to nil, nil and ₱15,103,972 in 2022, 2021 and 2020, respectively, as disclosed in Note 17; and

- Commission agreement for a predetermined fee. Lease commission which is included as part of asset management revenue aggregated nil, ₱8,581 and ₱281,028 in 2022, 2021 and 2020, respectively, as disclosed in Note 17.

Service Agreements
On March 1, 2019, the Company entered into a service agreement with a related party under common control for a fixed monthly fee. The services rendered to the Company include finance, human resources, information and communication technology and internal audit services.

The agreement is for a period of five years and is renewable upon mutual agreement by the parties. The contract was renewed for another year in 2022 and 2021. Contracted services amounted to ₱2,993,818, ₱2,996,968 and ₱3,016,966 in 2022, 2021 and 2020, respectively, as disclosed in Note 20.

Other transactions
Aside from those mentioned above the following is the nature of the remaining transactions:

- Commission expense pertains to amortization of initial leasing cost.
- Condominium dues are the amount paid by the Company to condominium unit owners for maintenance and communal expenses.
- Non-interest bearing cash advances pertains to cash granted to related party to finance its working capital requirements.

Terms and Conditions of Transactions with Related Parties
Unless stated, transactions with related parties under common control are non-interest bearing, unsecured, will be settled in cash and are either payable on demand or settled within one year.

15.02 Remuneration of Key Management Personnel

The remuneration to the key management personnel paid by the Company in the form of short term benefits amounted to ₱3,118,384 and ₱3,243,922 for the years ended December 31, 2022 and 2021, respectively.

(In Philippine Peso)

16. ISSUED CAPITAL

The issued capital of the Company are as follows:

		2022		2021		2020
Capital stock	₱	**456,057,609**	₱	456,057,609	₱	456,057,609
Additional paid-in capital		**299,519,764**		299,519,764		299,519,764
	₱	**755,577,373**	₱	755,577,373	₱	755,577,373

Components of capital stock are as follows:

		2022		2021		2020
Preference shares	₱	**255,000,000**	₱	255,000,000	₱	255,000,000
Ordinary shares		**201,057,609**		201,057,609		201,057,609
	₱	**456,057,609**	₱	456,057,609	₱	456,057,609

16.01 Ordinary Shares

Shown below are the details on the movements of ordinary shares:

	2022			2021			2020		
	Shares		**Amount**	Shares		Amount	Shares		Amount
Authorized ₱1 par value	**365,000,000**	₱	**365,000,000**	365,000,000	₱	365,000,000	365,000,000	₱	365,000,000
Issued and fully paid	**201,057,609**	₱	**201,057,609**	201,057,609	₱	201,057,609	201,057,609	₱	201,057,609

Ordinary shares carry one vote per share and carry a right to dividends.

16.02 Preference Shares

The movements in the carrying amount of the Company's preference shares are shown below:

	2022			2021			2020		
	Shares		**Amount**	Shares		Amount	Shares		Amount
Authorized ₱1 par value	**255,000,000**	₱	**255,000,000**	255,000,000	₱	255,000,000	255,000,000	₱	255,000,000
Issued and fully paid	**255,000,000**	₱	**255,000,000**	255,000,000	₱	255,000,000	255,000,000	₱	255,000,000

Preferred shares are non-voting, and redeemable at dates and in number of shares to be determined by the BOD.

16.03 History of Registration of Securities

On March 7, 2019, the SEC approved the Company's change in authorized capital structure from 8,800,000 common shares at ₱10 par value a share and 53,200,000 preferred shares at ₱10 par value a share to 365,000,000 common shares at ₱1 par value a share and 255,000,000 preferred shares at ₱1 par value a share, respectively.

The change in par value in the Company's authorized capital resulted to an increase in common shares by 76,522,500 and an increase in preferred shares by 229,500,000.

(In Philippine Peso)

The Company's BOD and stockholders declared stock dividends of 49,000,000 common shares at ₱1 par value a share equivalent to ₱49,000,000 from the resulting increase in authorized common shares on January 30, 2019. The stock dividends were issued upon the approval of the change in authorized capital structure by the SEC.

On August 19, 2019, the Company's common shares were listed with the PSE. The Company offered 67,032,607 new common shares to the public at an offer price of up to ₱5.74 per share. Net proceeds from the IPO amounted to ₱360 million, net of offer expenses amounting to ₱24,767,164.

16.04 Additional Paid in Capital

Additional paid-in capital arising from issuance of shares amounted to ₱299,519,764 as of December 31, 2022, 2021 and 2020.

17. REVENUES

The Company derives its revenue from contracts with customers for lease of properties and services over time. This is consistent with the revenue information that is disclosed for each reportable segment under PFRS 8.

An analysis of the Company's revenues for the year is as follows:

	Notes		2022		2021		2020
Rental income	*12*	₱	**49,788,191**	₱	55,119,445	₱	66,023,329
Property administration fee	*15*		**-**		-		15,103,972
Leasing commission	*15*		**-**		8,581		281,028
		₱	**49,788,191**	₱	55,128,026	₱	81,408,329

18. COST OF SERVICES

Analysis of the Company's cost of services are as follows:

	Notes		2022		2021		2020
Depreciation	*12*	₱	**33,806,952**	₱	34,050,909	₱	33,183,494
Taxes and licenses			**3,331,370**		3,075,829		3,788,746
Salaries and wages	*21*		**2,615,093**		2,757,805		7,347,805
Repairs and maintenance			**148,875**		75,425		192,542
		₱	**39,902,290**	₱	39,959,968	₱	44,512,587

(In Philippine Peso)

19. OTHER INCOME

Components of other income are as follows:

	Notes		2022		2021		2020
Interest		₱	**4,128,356**	₱	3,937,916	₱	6,227,725
Unrealized gain	*8*		**3,223,674**		2,004,012		-
Management fee	*15*		**329,412**		329,412		329,412
Realized gain	8		**51,786**		-		-
Reversal of provision for ECL	*9*		-		1,089,473		-
Penalties and charges			**5,061**		-		205,610
		₱	**7,738,289**	₱	7,360,813	₱	6,762,747

Penalties and charges mainly consist of forfeitures from pre-terminated lease contracts and gain from liability extinguishment.

Details of interest income are as follows:

	Notes		2022		2021		2020
Investment in trust accounts	*13*	₱	**3,404,283**	₱	3,186,889	₱	-
Due from related parties	*15*		**357,621**		112,205		-
Cash equivalent	*7*		**204,830**		74,282		329,412
Cash in banks	7		**161,622**		564,540		6,227,725
		₱	**4,128,356**	₱	3,937,916	₱	6,227,725

(In Philippine Peso)

20. OPERATING EXPENSES

The account is composed of the following operating expenses:

	Notes		2022		2021		2020
Condominium dues	*15*	₱	**10,968,550**	₱	9,270,820	₱	1,543,818
Contracted services	*15*		**2,993,818**		2,996,968		3,016,966
Salaries, wages and employee benefits	*21*		**1,383,576**		1,465,570		709,385
Professional fees			**1,289,631**		1,512,949		2,780,289
Taxes and licenses			**1,204,331**		1,537,490		2,973,070
Depreciation – overhead	*11*		**733,443**		660,293		528,877
Penalties			**255,249**		620,184		-
Directors' fees	*15*		**164,000**		248,000		1,100,000
Subscription			**111,042**		243,204		558,670
Transportation and travel			**66,218**		69,836		470,418
Registration and filing fees			**60,808**		-		2,200,185
Stationeries and supplies			**53,643**		34,780		232,019
Utilities			**52,491**		69,395		153,592
Postage, telephone and communication			**31,402**		87,425		321,165
Selling and marketing			**26,250**		-		7,143
Representation and entertainment			**5,694**		29,819		68,830
Repairs and maintenance			-		4,801		3,388
IPO expense			-		-		148,750
Interest			-		-		67,964
Rent expense	*22*		-		41,220		453,420
Others			**142,591**		609,723		492,153
		₱	**19,542,737**	₱	19,502,477	₱	17,830,102

Others pertain to miscellaneous expenses such as interest from BIR penalties bank and other charges.

21. EMPLOYEE BENEFITS

21.01 Short-term Employee Benefits

Short-term employee benefits, as disclosed in Notes 18 and 20, are detailed as follows:

		2022		2021		2020
Salaries and wages	₱	**3,512,217**	₱	3,852,432	₱	6,689,356
Other employee benefits		**486,452**		370,943		1,367,834
	₱	**3,998,669**	₱	4,223,375	₱	8,057,190

22. LEASES

22.01 The Company as a Lessor

Operating leases relate to the investment property owned by the Company with lease terms of between one (1) to six (6) years. These were subjected to certain escalation clauses ranging from 3% to 10% per year.

(In Philippine Peso)

The rental income earned by the Company from its investment properties, all of which is leased out under operating leases, amounted to ₱49,788,191, ₱55,119,445, and ₱66,023,329 during 2022, 2021 and 2020, respectively, as disclosed in Note 17. Direct operating expenses arising on the investment properties amounted to ₱39,902,290, ₱39,959,968, and ₱44,512,587 during 2022, 2021 and 2020, respectively, as disclosed in Note 18. Accrued rent from straight-line adjustments in accordance with PFRS 16 amounted to ₱189,571 and ₱1,126,504, as of December 31, 2022 and 2021, respectively, as disclosed in Note 9.

At each reporting date, the Company had outstanding commitments for future minimum lease collections under non-cancellable operating leases, which fall due as follows:

		2022		2021
Not later than one year	₱	**23,483,073**	₱	28,184,825
Later than one year but not later than two years		**1,935,367**		7,449,536
Later than two years but not later than three years		**1,004,400**		1,998,645
Later than three years but not later than four years		-		1,068,288
	₱	**26,422,840**	₱	38,701,294

Advance rent presented in the statements of financial position received by the Company in relation to the lease agreements are classified as follows:

		2022		2021
Current (Note 14)	₱	**4,984,241**	₱	5,879,335
Noncurrent		**1,130,281**		1,141,103
	₱	**6,114,522**	₱	7,020,438

Analysis of security deposits are as follows:

		2022		2021
Balance, January 1	₱	**17,871,042**	₱	17,783,822
Refund		**(837,585)**		(1,574,865)
Additions		**1,824,010**		1,662,085
Balance, December 31		**18,857,467**		17,871,042
Current portion (Note 14)		**18,723,535**		16,365,914
Non-current portion	₱	**133,932**	₱	1,505,128

Analysis of deferred credits is as follows:

		2022		2021
Balance, January 1	₱	**16,649**	₱	114,537
Amortization		**(8,157)**		(97,888)
Balance, December 31 (Note 14)	₱	**8,492**	₱	16,649

Amortization of deferred credits is recorded as part of revenue in the statements of comprehensive income.

22.02 The Company as a Lessee

The Company has elected not to recognize a lease liability on its short-term rentals on office space with terms of one year. Payments made under such leases are expensed as incurred.

(In Philippine Peso)

The contract of rentals on office space is renewable for another period for another term under such terms and conditions as shall be reasonably be agreed upon by the parties. Management assessed that it is reasonably certain that it will not exercise the extension option.

In 2022, 2021 and 2020, the Company recognized rent expense which amounted to nil, ₱41,220, and ₱453,420, respectively, as disclosed in Note 20.

23. INCOME TAXES

23.01 Income Tax Recognized in Profit or Loss

Components of income tax expense (benefit) are as follows:

		2022		2021		2020
Current tax expense (benefit)	₱	**110,329**	₱	(454,321)	₱	6,732,550
Deferred tax expense (benefit)		**(1,560,282)**		359,800		(44,511)
	₱	**(1,449,953)**	₱	(94,521)	₱	6,688,039

A numerical reconciliation between tax expense (benefit) and the product of accounting profit (loss) multiplied by the tax rates in 2022, 2021 and 2020 are as follows:

		2022		2021		2020
Accounting profit (loss)	₱	**(1,918,547)**	₱	3,026,394	₱	25,828,387
Tax expense at statutory rates	₱	**(479,637)**	₱	756,599	₱	7,748,516
Tax effect of non-deductible expenses:						
Penalties		**63,812**		155,046		-
Remeasurement of deferred tax assets and liabilities		-		563,831		-
Difference between OSD anc itemized deduction		-		-		860,663
Effect of change in tax rates		-		(561,045)		-
Interest income subject to final tax		**(1,032,089)**		(984,480)		(1,868,320)
Others		**(2,039)**		(24,472)		(52,820)
	₱	**(1,449,953)**	₱	(94,521)	₱	6,688,039

In 2022, the Company has incurred Net Operating Loss Carry-over (NOLCO) amounting to ₱8,254,615 that will expire in 2025.

In 2021, the Company has incurred Net Operating Loss Carry-over (NOLCO) covered by Revenue Regulation No. 25-2020 amounting to ₱8,209,817 that will expire in 2026.

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) 25-2020 to inform all concerned on the longer period for claiming NOLCO from taxable years 2020 and 2021.

Pursuant to Section 4 (bbb) of Bayanihan II and as implemented under RR 25-2020, the net operating losses of a business or enterprise incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive taxable years following the year of such loss. Ordinarily, NOLCO can be carried over as deduction from gross income for the next three consecutive years only.

(In Philippine Peso)

Details of the Company's MCIT which can be claimed as tax credits against regular income tax are as follows:

Year Incurred		Amount		Applied Previous Year		Applied Current Year		Expired		Unapplied	Expiry Date
2021	₱	106,725	₱	-	₱	-	₱	-	₱	106,725	2024
2022		110,329		-		-		-		110,329	2025
	₱	**217,054**	**₱**	**-**	**₱**	**-**	**₱**	**-**	**₱**	**217,054**	

24. DEFERRED TAXES – net

Components of deferred taxes is as follows:

		2022		2021
Deferred tax assets (Note 28.01)	₱	**5,861,792**	₱	3,914,289
Deferred tax liabilities (Note 28.02)		**(1,278,324)**		(891,103)
	P	**4,583,468**	₱	3,023,186

24.01 Deferred Tax Assets

The components of the Company's deferred tax assets and their respective movements are as follows:

		Advance Rent		Allowance for ECL		NOLCO		MCIT		Total
Balance, January 1, 2021	₱	3,581,871	₱	326,842	₱	-	₱	-	₱	**3,908,713**
Remeasurement due to changes in tax rate		(596,979)		(54,474)		-		-		**(651,453)**
Recognized in profit or loss		(1,229,782)		(272,368)		2,052,454		106,725		**657,029**
Balance, December 31, 2021		**1,755,110**		-		**2,052,454**		**106,725**		**3,914,289**
Recognized in profit or loss		(226,480)		-		2,063,654		110,329		**1,947,503**
December 31, 2022	**₱**	**1,528,630**	**₱**	-	**₱**	**4,116,108**	**₱**	**217,054**	**₱**	**5,861,792**

24.02 Deferred Taxes Liabilities

The components of the Company's deferred tax liabilities and their respective movements are as follows:

		Initial Leasing cost		Accrued Rent		Unrealized Gain		Total
Balance, January 1, 2021	₱	181,422	₱	344,305	₱	-	**₱**	**525,727**
Remeasurement due to changes in tax rate		(30,237)		(57,384)		-		**(87,621)**
Recognized in profit or loss		(42,711)		(5,295)		501,003		**452,997**
Balance, December 31, 2021		**108,474**		**281,626**		**501,003**		**891,103**
Recognized in profit or loss		(42,546)		(234,233)		664,000		**387,221**
December 31, 2022	**₱**	**65,928**	**₱**	**47,393**	**₱**	**1,165,003**		**1,278,324**

(In Philippine Peso)

25. EARNINGS PER SHARE

The Company's basic and diluted earnings (loss) per share from continuing operations were computed as follows:

Year Incurred		**2022**		2021		2020
Net income (loss)	₱	**(468,594)**	₱	3,120,915	₱	19,140,348
Divided by weighted average number of outstanding common shares:						
Balance at the beginning of year	₱	**201,057,609**	₱	201,057,609	₱	8,502,500
Effect of stock split		-		-		76,522,500
Effect of stock dividend		-		-		49,000,000
Issuance		-		-		67,032,609
	₱	**201,057,609**	₱	201,057,609	₱	201,057,609
Balance, December 31	₱	**(0.00)**	₱	0.02	₱	0.10

26. FAIR VALUE DISCLOSURES

26.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Company's financial assets and financial liabilities as of December 31, 2022 and 2021 are presented below:

	2022				2021			
		Carrying Amount		**Fair Value**		Carrying Amount		Fair Value
Financial Assets:								
Cash and cash equivalent	₱	**106,761,862**	₱	**106,761,862**	₱	73,570,585	₱	73,570,585
Trade and other receivables		**6,745,380**		**6,745,380**		4,310,144		4,310,144
Investment in trust accounts		**75,555,000**		**75,555,000**		75,555,000		75,555,000
Due from related parties		**5,907,337**		**5,907,337**		8,915,199		8,915,199
Financial assets at fair value through profit or loss		**237,779,472**		**237,779,472**		234,504,012		234,504,012
	₱	**432,749,051**	₱	**432,749,051**	₱	396,854,940	₱	396,854,940
Financial Liabilities:								
Trade payables	₱	**6,029,005**	₱	**6,029,005**	₱	2,204,218	₱	2,204,218
Security deposits		**18,857,467**		**18,857,467**		17,871,042		17,871,042
Accrued expenses		**1,502,916**		**1,502,916**		1,312,613		1,312,613
Other payables		**218,700**		**218,700**		218,700		218,700
	₱	**26,608,088**	₱	**26,608,088**	₱	21,606,573	₱	21,606,573

The carrying amounts of cash in banks, cash equivalent, trade and other receivables (except advances to supplier), investment in trust accounts, due from related parties, trade payables, accrued expenses, due to a related party and other payables approximate their respective fair values due to the short-term nature and maturities of the accounts.

The fair value of security deposits is based on discounted cash flow methodology using risk free rates similar borrowings with maturities consistent with those of liabilities being valued.

Financial asset measured at fair value in the statements of financial condition are categorized in accordance with the fair value hierarchy based on PFRS 7. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair values of financial assets and financial liabilities are determined as follows:

26.02 Fair Value Measurements Recognized in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of December 31, 2022, financial asset at fair value through profit or loss is determined under Level 1 of the fair value hierarchy.

26.02.01 Fair Value Hierarchy

The Company used Level 3 to value its investment property wherein inputs other than quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date, either directly or indirectly.

Fair value is the amount for which an asset could be exchanged, or a liability be settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the Company's investment property at December 31, 2022 and 2021 has been arrived on the basis of a valuation carried out on July 6, 2018.

26.02.02 Valuation Techniques

The fair value was derived using the sales comparison approach. Sales comparison approach is a valuation technique that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. The properties used as a basis for comparison are situated within the subject building or in other comparable condominium buildings nearby.

26.02.03 Highest and Best Use

The Company's non-financial asset which composed of investment properties were currently held for rental. However, as of December 31, 2022 and 2021, the Company assessed the highest and best of the investment properties from the perspective of market participants. The investment properties in combination with other assets and liabilities could be developed for commercial purposes. The Company determined that the current use of the investment properties is the asset's highest and best use since the property being leased out to others is earning income and developing and converting the asset into a residential property would entail a high cost.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, including interest rate risk, credit risk, liquidity risk and cash flow interest rate risk.

The Corporate Treasury function reports quarterly to the Company's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

27.01 Interest Rate Risk Management

The Company's exposure to interest rate risk arises from its cash deposits in banks which are subject to variable interest.

The interest rate risk arising from deposits with banks is managed by means of effective investment planning and analysis and maximizing investment opportunities in various local banks and financial institutions.

Loss and profit for the years 2022 and 2021, respectively, would not be affected since the Company has no borrowings at variable rate and interest rate risk exposure for cash in banks, which is subject to variable rate, is very immaterial.

27.02 Credit Risk Management

Credit Risk

The Company assessed that its exposure to credit risk is minimal. Trade receivables arise mainly from transactions with customers with good credit rating or bank standing. The Company regularly updates the status of accounts that remain uncollected beyond a reasonable period of time.

Further, the Company holds post-dated checks for most of its lease contracts to cover the trade receivables.

For due from related parties, management considers the current financial status of the related parties and their available assets to pay the outstanding receivables.

The Company's cash in banks and short-term investments are deposited with highly reputable and pre-approved financial institutions with good credit standing in the local banking industry thus the management assessed that the ECL from these financial assets are very minimal.

There are no significant concentrations of credit risks within the Company.

Significant Increase in Credit Risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information. A significant increase in credit risk can be measured by comparing the probability of default of the borrower from the initial recognition and the result of the current probability of default.

Definition of Default. The Company considers a financial asset to be in default when a customer fails to pay the receivables in full or the receivable is more than 30 days past due.

(In Philippine Peso)

The table below presents the summary of the Company's gross maximum exposure to credit risk, before taking into consideration any collateral and credit enhancements, and shows the credit quality of the financial assets by indicating whether these are subjected to 12-month or lifetime ECL.

2022

	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	**₱ 100,657,009**	**₱ -**	**₱ -**	**₱100,657,009**
Cash equivalent	**6,079,112**	-	-	**6,079,112**
Trade and other receivables	-	**6,745,380**	-	**6,745,380**
Due from related parties	**5,907,337**	-	-	**5,907,337**
Investment in trust accounts	**75,555,000**	-	-	**75,555,000**
	₱ 188,198,458	**₱ 6,745,380**	**₱ -**	**₱194,943,838**

2021

	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	₱ 60,470,562	₱ -	₱ -	₱ 60,470,562
Cash equivalent	13,074,282	-	-	13,074,282
Trade and other receivables	-	4,310,144	-	4,310,144
Due from related parties	8,915,199	-	-	8,915,199
Investment in trust accounts	75,555,000	-	-	75,555,000
	₱ 158,015,043	₱ 4,310,144	₱ -	₱ 162,325,187

2020

	12-month ECL	Lifetime ECL - Not Credit Impaired	Credit Impaired	Total
Cash in banks	₱282,551,545	₱ -	₱ -	₱282,551,545
Trade and other receivables	-	12,133,053	1,089,473	13,222,526
Investment in trust accounts	75,555,000	-	-	75,555,000
	₱358,106,545	₱12,133,053	₱1,089,473	₱371,329,071

In 2022, the Management believes that there is no credit provision required, thus, no additional provision was recognized. In 2021, Management believes that there are indications for a significant change in credit quality and the amounts are still considered recoverable, thus, a gain on reversal of provision for expected credit loss amounting to ₱1,089,473 has been recognized. In 2020, Management believes that its provision for expected credit loss is sufficient to cover future losses from its trade receivables thus, no additional provision was recognized.

(In Philippine Peso)

In both years, the Company has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Company only with reputable counterparties with good credit standing and relatively low risk of defaults. Accordingly, no provision for ECL on other financial assets at amortized cost was recognized in 2022, 2021 and 2020.

27.03 Liquidity Risk Management

Liquidity risk relates primarily to the Company's working capital requirements. The Company aims to manage working capital and maintain flexibility in funding.

The Company monitors its cash position by a system of cash forecasting. All expected collections, cash disbursements and other payments are determined to arrive at the projected cash position.

The Company has an outstanding line of credit with a local bank, in case of the need for financing arises.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2022 and 2021 based on contractual, undiscounted principal and interest payments:

2022

	Total	**On Demand**	**One (1) Year And below**	**Greater than One (1) up to Five (5) Years**
Trade payables	**₱6,029,005**	**₱ –**	**₱ 6,029,005**	**₱ –**
Security deposits	**18,857,467**	**–**	**18,723,535**	**133,932**
Accrued expenses	**1,502,916**	**1,502,916**	**–**	**–**
Other payables	**218,700**	**218,700**	**–**	**–**
	₱26,608,088	**₱1,728,264**	**₱24,752,540**	**₱133,932**

2021

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Trade payables	₱2,204,218	₱–	₱2,204,218	₱–
Security deposits	17,871,042	–	16,365,914	1,505,128
Accrued expenses	1,312,613	1,312,613	–	–
Other payables	218,700	218,700	–	–
	₱21,606,573	₱1,531,313	₱18,570,132	₱1,505,128

(In Philippine Peso)

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

2022

	Total	**On Demand**	**One (1) Year And below**	**Greater than One (1) up to Five (5) Years**
Cash on hand	**₱25,741**	**₱25,741**	**₱–**	**₱–**
Cash in banks	**100,657,009**	**100,657,009**	**–**	**–**
Cash equivalent	**6,079,112**	**–**	**6,079,112**	**–**
Trade and other receivables	**6,745,380**	**–**	**6,745,380**	**–**
Investment in trust accounts	**75,555,000**	**–**	**–**	**75,555,000**
Due from related parties	**5,907,337**	**198,774**	**3,202,716**	**2,505,847**
Financial assets at fair value through profit or loss	**237,779,472**	**–**	**237,779,472**	**–**
	₱432,749,051	**₱100,881,524**	**₱253,806,680**	**₱78,060,847**

2021

	Total	On Demand	One (1) Year And below	Greater than One (1) up to Five (5) Years
Cash on hand	₱25,741	₱25,741	₱–	₱–
Cash in banks	60,470,562	60,470,562	–	–
Cash equivalent	13,074,282	–	13,074,282	–
Trade and other receivables	4,310,144	–	4,310,144	–
Investment in trust accounts	75,555,000	–	–	75,555,000
Due from related parties	8,915,199	155,247	3,051,389	5,708,563
Financial assets at fair value through profit or loss	234,504,012	–	234,504,012	–
	₱396,854,940	₱60,651,550	₱254,939,827	₱81,263,563

28. SEGMENT INFORMATION

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

28.01 Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consist primarily of operating cash, receivables, investment properties and property and equipment, among others. Segment liabilities include all operating liabilities and consist primarily of accounts and other payables.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating income or loss and is measured consistently with operating income in the financial statements.

(In Philippine Peso)

Business segment information is reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources among operating segments. For management purposes, the Company is organized into business units based on the services rendered and has two reportable operating segments as follows:

28.01.01 Leasing
This segment includes leasing of condominium units and parking slots in Kepwealth Center (previously Keppel Center) located in Cebu Business Park, Cebu City.

28.01.02 Asset Management
This segment includes management of various properties located across Metro Manila and commission on every unit which will be leased out by the Company on these properties.

28.01.03 Corporate and Others
This segment pertains to the business segment which caters to the Company's investing activities other than leasing and asset management.

28.02 Business Segment Information

The following table presents the revenue and expenses of the Company's business segments for the years ended 2022, 2021 and 2020, and certain assets and liabilities information as at December 31, 2022, 2021 and 2020:

	2022							
		Leasing		**Asset Management**		**Corporate and Others**		**Total**
Results of Operations								
Revenues	₱	**49,788,191**	₱	**-**	₱	**-**	₱	**49,788,191**
Cost of services		**(39,902,290)**		**-**		**-**		**(39,902,290)**
Other operating expenses		**(19,542,737)**		**-**		**-**		**(19,542,737)**
Operating loss	₱	**(9,656,836)**	₱	**-**	₱	**-**	₱	**(9,656,836)**
Interest income		**4,128,356**		**-**		**-**		**4,128,356**
Other income		**3,609,933**		**-**		**-**		**3,609,933**
Income tax benefit		**1,449,953**		**-**		**-**		**1,449,953**
Net income	₱	**(468,594)**	₱	**-**	₱	**-**	₱	**(468,594)**
Assets and Liabilities								
Assets	₱	**847,667,252**	₱	**-**	₱	**-**	₱	**847,667,251**
Liabilities		**32,793,296**		**-**		**-**		**32,793,296**
Other Segment Information								
Capital expenditures:								
Investment properties	₱	**921,212**	₱	**-**	₱	**-**	₱	**921,212**
Property and equipment		**694,166**		**-**		**-**		**694,166**
Depreciation and amortization	₱	**34,540,395**	₱	**-**	₱	**-**	₱	**34,540,395**

(In Philippine Peso)

2021

		Leasing		Asset Management		Corporate and Others		Total
Results of Operations								
Revenues	₱	55,119,445	₱	8,581	₱	-	₱	55,128,026
Cost of services		(39,959,968)		-		-		(39,959,968)
Other operating expenses		(19,502,477)		-		-		(19,502,477)
Operating loss	₱	(4,343,000)	₱	8,581	₱	-	₱	(4,334,419)
Interest income		751,027		-		-		751,027
Other income		6,609,786		-		-		6,609,786
Income tax benefit		94,521		-		-		94,521
Net income	₱	3,112,334	₱	8,581	₱	-	₱	3,120,915
Assets and Liabilities								
Assets	₱	845,281,380	₱	-	₱	-	₱	845,281,380
Liabilities		29,938,830		-		-		29,938,830
Other Segment Information								
Capital expenditures:								
Investment properties	₱	3,581,737	₱	-	₱	-	₱	3,581,737
Property and equipment		266,233		-		-		266,233
Depreciation and amortization	₱	34,711,201	₱	-	₱	-	₱	34,711,201

2020

		Leasing		Asset Management		Corporate and Others		Total
Results of Operations								
Revenue	₱	66,023,329	₱	15,385,000	₱	-	₱	81,408,329
Cost of services		(36,100,350)		(8,412,237)		-		(44,512,587)
Operating expenses		(14,460,470)		(3,369,632)		-		(17,830,102)
Operating income (loss)	₱	15,462,509	₱	3,603,131	₱	-	₱	19,065,640
Interest income		-		-		6,227,725		6,227,725
Other income		205,610		-		329,412		535,022
Income tax expense		-		-		(6,688,039)		(6,688,039)
Net income	₱	15,668,119	₱	3,603,131	₱	(130,902)	₱	19,140,348
Assets and Liabilities								
Assets	₱	849,952,647	₱	-	₱	-	₱	849,952,647
Liabilities		37,731,012		-		-		37,731,012
Other Segment Information								
Capital expenditures:								
Investment properties	₱	165,457,131	₱	-	₱	-	₱	165,457,131
Property and equipment		2,152,097		-		-		2,152,097
Depreciation and amortization	₱	33,712,371	₱	-	₱	-	₱	33,712,371

(In Philippine Peso)

29. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2021.

The Company is not subject to any externally imposed capital requirements.

The Company's risk management committee reviews the capital structure of the Company on an annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

The Company considers the following as its core capital aggregating as follows:

	2022	2021
Capital stock	₱ **456,057,609**	₱ 456,057,609
Additional paid-in capital	**299,519,764**	299,519,764
Retained earnings	**59,296,583**	59,765,177
	₱ **814,873,956**	₱ 815,342,550

30. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities as shown in the statements of cash flows is as follows:

	2022	2021
Balance, January 1	₱ -	₱ 412,662
Changes from financing cash flows		
Repayment of advances from related parties	-	(412,662)
Balance, December 31	₱ -	₱ -

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Board of Directors on April 3, 2023.

32. INFORMATION UNDER REVENUE REGULATIONS 15 – 2010

Revenue Regulations (RR) No. 21-2002 prescribing additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying income tax returns was amended under RR 15-2010. The amendment that became effective on December 28, 2010 requires the inclusion in the notes to financial statements, information on taxes, duties and license fees paid or accrued during the year in addition to what is required under the Philippine Financial Reporting Standards and such other standards and/or conventions.

(In Philippine Peso)

Below are the additional information required by RR 15 – 2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

The details of the Company's taxes, duties and licenses fees paid or accrued in 2022 are as follows:

32.01 VAT Output Tax

Details on the Company's VAT output tax declared during the year are as follows:

		Gross amount of revenue		Output VAT
Vatable Sales/Receipts	₱	40,652,942	₱	4,878,353
Zero Rated Sales/Receipts		6,400,390		-
Total Sales /Receipts and Output Tax Due		47,053,332		4,878,353
Allowable income tax				4,872,438
Vat payments				160,727
Balance, December 31			₱	(154,812)

Revenue is based on gross receipts of the Company for VAT purposes while revenue presented in the statements of comprehensive income is recognized on accrual basis.

32.02 VAT Input Tax

An analysis of the Company's VAT input tax claimed during the year is as follows:

Balance, January 1	₱	-
Input Tax Carried over from previous period		
Input Tax Deferred on Capital Goods Exceeding 1M		12,750,455
Current year's domestic purchases/payments for:		
Goods for resale/manufacture or further processing		9,135
Capital goods not subject to amortization		
Services lodged under cost of goods sold		676,125
Total available input tax	₱	**13,435,715**
Amortization of deferred input VAT		(8,563,277)
Applied against output VAT		(4,878,353)
Vat payments		160,727
Balance, December 31	₱	154,812

32.03 VAT on Importation of Goods

The Company had no input VAT on importation of goods in 2022.

32.04 Excise Tax

The Company had no excise tax in 2022.

32.05 Documentary Stamp Tax

The Company's documentary stamp tax for 2022 amounted to ₱67,398.

(In Philippine Peso)

32.06 Other Taxes and Licenses

An analysis on the Company's other taxes and licenses and permit fees paid or accrued during the year is as follows:

Real property tax	₱	3,912,292
Business permits and taxes		556,011
	₱	**4,468,303**

32.07 Withholding Taxes

An analysis on the Company's withholding taxes paid or accrued during the year is as follows:

Withholding tax on compensation and benefits	₱	790,419
Expanded withholding taxes		176,162
	₱	**966,581**

32.08 Deficiency Tax Assessments and Tax Cases

On March 16, 2021, the Company received Letter of Authority No. 049-2021-00002095 from the Bureau of Internal Revenue to conduct examination of book of accounts for all the revenue taxes including documentary stamp tax and other taxes for the period from January 1, 2019 to December 31, 2019 pursuant to Section 6(A) and 10(C) of the National Internal Revenue Code (NIRC) of 1997, as amended.

On February 11, 2022, a change of examiner was made and a new Letter of Authority was sent to the Company bearing a LOA No. 049-2022-00000004 from the Bureau of Internal Revenue to conduct examination of book of accounts for all the revenue taxes including documentary stamp tax and other taxes for the period from January 1, 2019 to December 31, 2019 pursuant to Section 6(A) and 10(C) of the National Internal Revenue Code (NIRC) of 1997, as amended.

On March 31, 2022, as indicated on the Agreement form between the Company and BIR, the former paid the related deficiency taxes, including legal increments, pursuant to LOA No. 049-2022-00000004, the Company settled the aforementioned LOA as disclosed below:

Deficiency tax	₱	229,961
Surcharges		287
Interest		62,027
Compromise		25,000
	₱	**317,275**

KEPWEALTH PROPERTY PHILS. INC.
INDEX TO THE FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

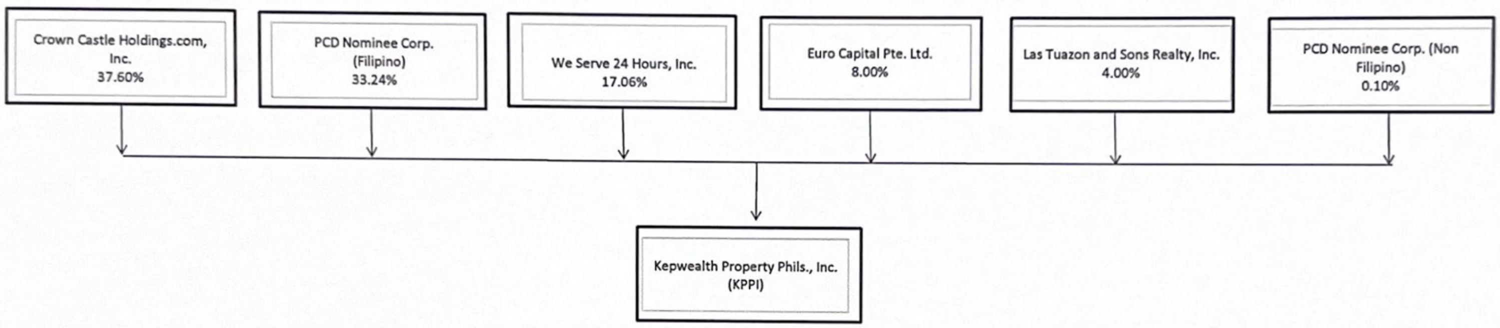
Schedule I

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning of the year		₱	57,761,165
Net loss based on the face of audited financial statements			(468,594)
Less:	Equity in net income of associate/joint venture		-
	Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)		-
	Unrealized actuarial gain		-
	Fair value adjustment (market-to-market gains)		3,223,674
	Fair value adjustment of Investment Property resulting to gain		-
	Adjustment due to deviation from PFRS/GAAP- gain		-
	Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS		-
	Sub-total		**3,223,674**
Add:	Depreciation on revaluation increment (after tax)		-
	Adjustment due to deviation from PFRS/GAAP- loss		-
	Loss on fair value adjusment of investment property (after tax)		-
	Sub-total		-
Net loss actual/realized			**(3,692,268)**
Unappropriated Retained Earnings, Ending		₱	**54,068,897**

Schedule II

KEPWEALTH PROPERTY PHILS. INC.
MAP SHOWING RELATIONSHIPS BETWEEN AND AMONG PARENT, SUBSIDIARIES, AN ASSOCIATE, AND JOINT VENTURE
DECEMBER 31, 2022



KEPWEALTH PROPERTY PHILS. INC.
Schedule A – Financial Assets
DECEMBER 31, 2022

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds or notes	Amount shown on the balance sheet	Income accrued
Trust investment to San Miguel Corporation	961,033	75,555,000	-
UITF investment in China Bank Short-Term Fund		102,188,872	-
UITF investment in Sun Life Prosperity Peso Starter Fund, Inc		135,590,600	-
Total		313,334,472	-

KEPWEALTH PROPERTY PHILS. INC.
Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
DECEMBER 31, 2022

Name of Debtor	Balance at beginning of period	Additions	Amounts Collected	Amounts Written-off	Current	Non- Current	Balance at end of period
Keppel Condominium Center Corporation	8,759,952	-	(3,051,389)	-	3,202,716	2,505,847	5,708,563
Eurocapital Land, Inc.	155,247	43,527	-	-	198,774	-	198,774
Total	8,915,199	43,527	(3,051,389)	-	3,401,490	2,505,847	5,907,337

KEPWEALTH PROPERTY PHILS. INC.
Schedule C - Receivable from Related Parties which are eliminated during the consolidation of financial statements
DECEMBER 31, 2022

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non Current	Balance at the end of the period

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule D - Intangible Assets - Other Assets
DECEMBER 31, 2022

Description	Beginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending Balance

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule E - Long-Term Debt
DECEMBER 31, 2022

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt' in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rate %	Maturity Date

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule F - Indebtedness to Related Parties
(Included in the consolidated financial statement of position)
DECEMBER 31, 2022

Name of Related Parties	Balance at beginning of period	Balance at end of period

None to report

KEPWEALTH PROPERTY PHILS. INC.
Schedule G - Guarantees of Securities of Other Issuers
DECEMBER 31, 2022

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount of guaranteed and outstanding	Amount owned by person of which statement is filed	Nature of guarantee

None to Report

KEPWEALTH PROPERTY PHILS. INC.
Schedule H - Capital Stock
DECEMBER 31, 2022

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under the related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Preferred shares - P1 par value	365,000,000	201,057,609	-	134,024,950	52	67,032,607
Common stock - P1 par value	255,000,000	255,000,000	-	255,000,000	0	-

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	**11.82**	12.16
Current Assets	372,797,820	331,892,215
Current Liabilities	31,529,083	27,292,599
WORKING CAPITAL TO ASSETS	**0.40**	0.36
(Current Assets - Current Liabilities)	341,268,737	304,599,616
Total Assets	847,667,252	845,281,380
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	**1.04**	1.04
Total Asset	847,667,252	845,281,380
Stockholders' Equity	814,873,956	815,342,550
DEBT TO EQUITY	**0.04**	0.04
Total Liabilities	32,793,296	29,938,830
Stockholders' Equity	814,873,956	815,342,550
LONG-TERM DEBT TO EQUITY	**0.00**	0.00
Long-Term Debt	1,264,213	2,646,231
Stockholders' Equity	814,873,956	815,342,550
FIXED ASSETS TO EQUITY	**0.48**	0.52
(Fixed Assets - Accumulated Depreciation)	387,614,123	420,539,140
Stockholders' Equity	814,873,956	815,342,550
CREDITORS EQUITY TO TOTAL ASSETS	**0.04**	0.04
Total Liabilities	32,793,296	29,938,830
Total Assets	847,667,252	845,281,380

KEPWEALTH PROPERTY PHILS. INC.
SCHEDULE III - FINANCIAL SOUNDNESS INDICATORS
For the Years Ended December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
FIXED ASSETS TO LONG-TERM DEBT	306.61	158.92
(Fixed Assets - Accumulated Depreciation)	387,614,123	420,539,140
Long-Term Debt	1,264,213	2,646,231
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	(0.00)	0.00
Net Income (Loss)	(468,594)	3,120,915
Average Total Assets	846,474,316	847,617,014
RATE OF RETURN ON EQUITY	(0.00)	0.01
Net Loss	(468,594)	3,120,915
Average Stockholders' Equity	815,108,253	558,782,093
D. PROFITABILITY RATIOS		
GROSS PROFIT RATIO	0.20	0.28
Gross Profit	9,885,901	15,168,058
Revenues	49,788,191	55,128,026
OPERATING LOSS TO REVENUES	(0.19)	(0.08)
Loss from Operations	(9,656,836)	(4,334,419)
Revenues	49,788,191	55,128,026
PRETAX INCOME (LOSS) TO REVENUES	(0.04)	0.05
Income (Loss) before tax	(1,918,547)	3,026,394
Revenues	49,788,191	55,128,026
NET INCOME (LOSS) TO REVENUES	(0.01)	0.06
Net Income (Loss)	(468,594)	3,120,915
Revenues	49,788,191	55,128,026
E. INTEREST COVERAGE RATIO		
INTEREST COVERAGE RATIO	N/A	N/A
Earnings (Loss) Before Interest and Tax	(1,918,547)	3,026,394
Interest Expense	-	-

Schedule IV

KEPWEALTH PROPERTY PHILS. INC.
SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
DECEMBER 31, 2022

	Estimated	Actual	Balance
Gross Proceeds	384,767,164	384,767,164	-
Offering Expenses	(21,739,481)	(24,781,567)	3,042,086
Net Proceeds	**363,027,683**	**359,985,597**	**3,042,086**

Details of the estimated and actual application of the proceeds:

	Estimated	Actual	Balance
Gross Proceeds	384,767,164	384,767,164	-
Use of Proceeds			
Acquisition of office space in:			
Metro Manila	(245,000,000)	(189,533,348)	(55,466,652)
Davao City	(120,000,000)	-	(120,000,000)
	(365,000,000)	(189,533,348)	(175,466,652)
Offering Expenses	(21,739,481)	(24,781,567)	3,042,086
Net Proceeds	**(1,972,317)**	**170,452,249**	**(172,424,566)**