

COVER SHEET

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S.E.C. Registration Number

P	H	I	L	T	O	W	N		P	R	O	P	E	R	T	I	E	S	,		I	N	C	.				

(Company's Full Name)

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S	T	R	E	E	T	,		M	A	K	A	T	I		C	I	T	Y										

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

JOSE MA. ALBERTO D. MANINGAT

Contact Person

632-8800-66-94

Company Telephone Number

1	2
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Month

3	1
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Day

Definitive Information Statement

FORM TYPE

Last Wednesday of June

Fiscal Year

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

4,030

Total No. of Stockholders

Total amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

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NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Meeting of the Stockholders' of **PHILTOWN PROPERTIES, INC.** ("PPI" or "Corporation") will be conducted via videoconference on **Wednesday, 26 June 2024 at 3:00 o'clock in the afternoon** and information about said meeting can be requested by email at philtown.ssm@gmail.com with the following agenda:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 26 July 2023
4. President's Report for 2023 and Audited Financial Statements as of December 31, 2023
5. Ratification of the Acts of Management and the Board of Directors
6. Election of Directors for 2024
7. Appointment of External Auditor
8. Other Matters
9. Adjournment

Stockholders of record as of 26 May 2024 shall be entitled to attend, participate and vote during the Annual Stockholders' Meeting.

As the Annual Stockholders' Meeting is to be conducted via videoconference, kindly advise the Corporation's Corporate Secretary by email at philtown.ssm@gmail.com of your intention to attend the meeting for us to send you the Definitive Information Statement, proxy form and Zoom link. All stockholders are requested to state their full name, address, contact number/s and email address. For purposes of verification, kindly attach in said email a scanned copy of a government issued ID with photograph and signature.


For your convenience, kindly refer below for the guidelines with respect to attending the Annual Stockholders' Meeting via videoconference:

1. The Zoom telecommunications platform shall be utilized to conduct the Annual Stockholders' Meeting.
2. All stockholders who are attending the meeting are advised to enter the Zoom conference at least thirty (30) minutes before the scheduled start of the meeting for the proper registration of the attendees.
3. All stockholders who intend to attend the Annual Stockholders' Meeting are requested to send through e-mail to philtown.ssm@gmail.com their respective email addresses wherein the Zoom link shall be sent on or before 19 June 2024.

Copies of the scanned valid IDs of the stockholders must likewise be sent for purposes of verification. Failure to send your email address shall be deemed a waiver of the right to receive the Zoom link for the Annual Stockholders' Meeting.

4. All stockholders who will not, are unable, or do not expect to attend the meeting are advised to request for a proxy form through e-mail to philtown.ssm@gmail.com or download the proxy form at the Corporation's website, philtownpropertiesinc.com. All proxies should be received and validated by the Corporation on or before 16 June 2024. Copies of your scanned valid IDs must likewise be sent for purposes of verification.
5. Verifiable soft copies of the Definitive Information Statement, 2023 Audited Financial Statements and proxy form may be secured from the Corporation's website, philtownpropertiesinc.com or by request through e-mail at philtown.ssm@gmail.com.

Please confirm your availability. Thank you.


ATTY. ROBINSON C. VIÑAS
Corporate Secretary

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20
of the Securities Regulation Code**

1. Check the appropriate box:

[] Preliminary Information Statement

[x] Definitive Information Statement
2. Name of Registrant as specified in its charter: **Philtown Properties, Inc.**
3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**
4. SEC Identification Number: **AS095-4616**
5. BIR Tax Identification Code: **004-624-281**
6. Address of principal office: **3/F BJS Building, 1869
P. Domingo St., Makati City**
7. Registrant's telephone number, including area code: **632-8800-66-94**
8. Date, time and place of the meeting of security holders: **26 June 2024
3:00 P.M.
via videoconference in
accordance with the rules of
the Securities and Exchange
Commission**
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **On or before 03 June 2024**
10. **In case of Proxy Solicitations:**

***Name of the Person Filing the
Statement /Solicitor: Jose Ma. Alberto D. Maningat***

***Address and Telephone
No.: 3/F BJS Building, 1869 P. Domingo St., Makati City
632-8800-66-94***
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:

Not applicable. Status is public company with no registered securities
12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes ____ No x__

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

- (a) Date of Meeting : 26 June 2024
 Time of Meeting : 3:00 P.M.
 Place of Meeting : 3/F BJS Building
 1869 P. Domingo Street
 Makati City, Philippines
 via videoconference
 Mailing Address : 3/F BJS Building
 1869 P. Domingo Street
 Makati City, Philippines
- (b) Approximate Date of Sending Information
 Statement to Security Holders: On or before 03 June 2024

Item 2. Dissenters' Right of Appraisal

The appraisal right may be exercised by any stockholder who shall have voted against (1) an amendment to the Articles of Incorporation that changes or restricts the rights of any stockholder or class of shares, or authorizes preferences in any respect superior to the outstanding shares of any class, or extends or shortens the corporate existence; (2) a sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; or (3) a merger and consolidation; by making a written demand on the Corporation for payment of the fair value of his share(s). The written demand together with the share certificate/s of the withdrawing stockholder must be received by the Corporation within thirty (30) calendar days from the date on which the vote was taken. Failure to make the written demand and/or to surrender the share certificate/s within such period shall be deemed a waiver of the appraisal right.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Corporation, and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Corporation within thirty (30) days after such award is made.

No payment shall be made to any withdrawing stockholder unless the Corporation has unrestricted retained earnings in its books to cover such payment.

Upon payment by the Corporation of the agreed or awarded price, the stockholders shall forthwith transfer his shares to the Corporation.

The appraisal right is also available to a dissenting stockholder in case the Corporation decides to invest its funds in another corporation or business or for any purpose other than the primary purpose as provided in Section 41 of the Revised Corporation Code.

There are no matters that will be taken up during the annual stockholders' meeting which may trigger the exercise of dissenter's right of appraisal.

Item 3. Interest of Certain Persons In or Opposition to Matters to be Acted Upon

Each of the incumbent Directors, Nominees for Directors or Officers of the Corporation since the beginning of the last fiscal year or any associate of said persons do not have any substantial interest, direct or indirect, by security holdings, or otherwise, in any matter to be acted upon other than election to the office. There is no Director who has informed the Corporation, either verbally or in writing, of his intention to oppose any action to be taken by the Corporation at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) The following are the issued and outstanding capital stock of PPI as of 30 April 2024 with a par value of Php1.00 per share who are entitled to vote:

Common	218,350,005
Preferred A	0
Preferred B	218,349,995

- (b) The record date is 26 May 2024. Stockholders of record of the Corporation as of 26 May 2024 shall be entitled to vote during the meeting. For the purpose of voting the shares in the meeting, one share is entitled to one vote.
- (c) Based on the records of the Corporation:
- Mr. Jose Ma. A. Concepcion III is given the voting power over the security ownership of Triple Eight Holdings, Inc. and Horizons Realty, Inc.
 - Mr. Ernest Fritz Server or Mr. Joseph D. Server Jr. is given the voting power over the security ownership of BJS Development Corporation
 - Mr. Francisco A. Segovia is given the voting power over the security ownership of Renaissance Property Management Corp.
 - PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. and is the registered owner of the shares in the books of the Corporation's transfer agent, Professional Stock Transfer, Inc. The beneficial owners of such shares are PCD's participants, who hold the shares on their behalf or in behalf of their clients. PCD is a private corporation organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines. The Corporation is not aware that a participant holds more than 5% of outstanding common shares of the Corporation.
- (d) Article 11 of the By-laws of the Corporation provides that the stockholders may vote in person or by proxy.
- (e) The declaration by RFM Corporation (RFM) of 143,652,752 common shares representing 65.79% shareholdings in PPI to its stockholders of record as of 9 July 2008 resulted in the increase of stockholders from less than 20 to more than 3,600 stockholders. RFM declared another 33,265,912 of its common shares representing 15.23% shareholdings in PPI to its stockholders of record as of 14 May 2009. RFM subsequently declared another 41,042,080 of its common shares representing 18.80% shareholdings in PPI to its stockholders of record as of 11 July 2012.

Security Ownership of Certain Record and Beneficial Owners and Management**(1) Security Ownership of Certain Record and Beneficial Owners****Security Ownership of Certain Record and Beneficial Owners as of 30 April 2024 of more than 5% of the Corporation's Voting Securities**

(1) Title of Class	(2) Name and address of record owner and relationship with issuer	(3) Name of beneficial owner and relationship with record owner	(4) Citizenship	(5) No. of shares	(6) %
Common	Triple Eight Holdings, Inc. 3/F BJS Compound, P. Domingo St., Brgy Kasilawan, Makati City Stockholder	Triple Eight Holdings, Inc.	Filipino	46,529,300	21.31
Common	Horizons Realty, Inc. 11 Kawayan Road North Forbes Park Makati City Stockholder	Horizons Realty, Inc.	Filipino	44,760,903	20.50
Common	BJS Development Corp. 1869 P. Domingo St. Makati City Stockholder	BJS Development Corp.	Filipino	21,463,503	9.83
Common	PCD Nominee Corp. (Local) G/F MKSE Building Ayala Ave., Makati City Stockholder	PCD Participants	Filipino	18,852,371	8.63
Common	Renaissance Property Management Corp. Feati University Carlos Palanca St. Sta. Cruz, Manila Stockholder	Renaissance Property Management Corp.	Filipino	13,930,334	6.38

(2) Security Ownership of Management**Security Ownership of Management as of 30 April 2024**

(1) Title of Class	(2) Name and address of record owner and relationship with issuer	(3) Nature of beneficial ownership	(4) Citizenship	(5) No. of shares	(6) %
Common	Alfredo Parungao 411 Country Club Drive Ayala Alabang Village Muntinlupa City	"r"	Filipino	1	0.00
Common	Ernest Fritz Server 319 Chico Drive, Ayala	"r"	Filipino	38,951	0.02

	Alabang Village, Muntinlupa				
Common	Francisco A. Segovia 521 Acacia Ave., Ayala Alabang Village, Muntinlupa	“r”	Filipino	1	0.00
Common	Lauro B. Ramos 1723 Poinsettia Street La Colina Subdivision Antipolo, Rizal	“r”	Filipino	1,378	0.00
Common	Ariel A. De Guzman B4 L23 Bloomfield Subdivision, Alapan 1B, Imus, Cavite	“r”	Filipino	583	0.00
Common	Marilou O. Adea 44 Istanbul Street BF Homes, Paranaque City	“r”	Filipino	1	0.00
Common	Eleuterio D. Coronel 26 Nagoya Street BF Homes, Las Pinas City	“r”	Filipino	2,275	0.00
Common	Jose Ma. Alberto D. Maningat 85 Xavier Street, Brgy. Greenhills, San Juan City	“r”	Filipino	0	0.00
Common	Robinson C. Viñas 22 Mayon Street Mountain View, Mariveles, Bataan	“r”	Filipino	0	0.00
Common	Mayda B. Castano 52 Antonio Luna Street Project 4, Quezon City	“r”	Filipino	0	0.00
Common	Esmegardo S. Reyes 2955 H. Santos Street Brgy. Carmona, Makati City	“r”	Filipino	0	0.00

The total number of shares owned by the Directors and Executive Officers of the Corporation is 43,190 common shares.

(3) Voting Trust Holders of 5% or More

To the extent known to the Corporation, there are no persons holding more than 5% or more of the Corporation’s stocks under a voting trust or similar agreement.

(4) Changes in Control

No change in control of PPI has occurred since the beginning of its last fiscal year.

Items 5 – 8. Directors and Executive Officers, Compensation of Directors and Executive Officers, Independent Public Accountants, Compensation Plans

- (a) The following are the name and information of the Directors and Executive Officers. The nominees for directors are also the incumbent directors of the Corporation.

Name of Director/ Executive Officer	Position	Age	Years Served as Director
Alfredo Parungao 1/	Chairman of the Board / Independent Director	86	2008-present
Lauro B. Ramos	Vice Chairman	73	2012-present
Francisco A. Segovia	Treasurer/Director	70	1995-present
Ernest Fritz Server	President/Director	80	1995-present
Ariel A. De Guzman	Director	60	2014-present
Marilou O. Adea	Independent Director	73	2022-present
Eleuterio D. Coronel	Independent Director	70	2022-present
Mayda B. Castano	Vice President-Operations	64	NA
Jose Ma. Alberto D. Maningat	Vice President-Finance	55	NA
Atty. Robinson C. Viñas	Corporate Secretary	53	NA
Esmegardo S. Reyes	Compliance Officer	70	NA

1/ Director Alfredo B. Parungao has been an Independent Director since 2008.

Please refer to the Management Report for the list of positions and offices each person held or will hold, brief description of person's business experience during the last five years and other directorships in reporting companies.

- (b) Procedures for the nomination and election of Independent Directors

PPI has a Corporate Governance Committee that assumes the functions of nominating Directors, including Independent Directors. This committee is composed of at least three (3) voting members, majority of whom are Independent Director, including the Committee's Chairperson.

The Corporate Governance Committee is composed of the following:

Alfredo B. Parungao	- Chairperson (Independent)
Lauro B. Ramos	- Member
Eleuterio D. Coronel	- Member (Independent)

The Committee pre-screens and shortlists all candidates nominated to become a member of the Board, in accordance with the qualifications and disqualifications set forth in the Corporation's Manual on Corporate Governance, including candidates for membership to the Board as independent directors.

A nominee for Independent Director is selected based on his/her professional experience, moral integrity and expertise in the selected field. The recommendation of the Corporate Governance Committee in respect of Independent Directors is submitted for approval by a majority of the Corporation's Board of Directors.

At present, there are no family relationships between the Corporation's Independent Directors and the person/s who nominated them.

- (c) Directors who were appointed during the period covered.

No new Directors were appointed during the period.

Mr. Alfredo B. Parungao has served as Chairman and Independent Director since 2008. He was nominated to the Board by Mr. Felicisimo Nacino, Jr., who is a former Director of the Corporation. Mr. Parungao is not related to Mr. Nacino. Although he has served as an Independent Director for more than nine (9) years, there is need to retain his services as Independent Director as the Board Committees require that a majority of its members are Independent Directors. Thus, in the coming Annual Stockholders' Meeting, the Board will seek stockholders' approval to retain Mr. Parungao as an Independent Director.

(d) Significant Employees

PPI considers its entire work force as significant employees. However, to date, some of its key employees are:

1. Mr. Ernest Fritz Server, 80 years old, serves as the Corporation's President and as a Director.
2. Mayda B. Castano, 64 years old, serves as Vice President – Operations. She was previously head of Sales and Documentation group.
3. Atty. Robinson C. Viñas, 53 years old, serves as Corporate Secretary, as well as handles some of the Corporation's legal requirements.
4. Jose Ma. Alberto D. Maningat, 55 years old, serves as Vice President – Finance. From 2008 to 2016, he was with PPI's Corporate Planning group.
5. Esmegardo Reyes, 70 years old, serves as the Corporation's Compliance Officer.

(e) Family Relationships

There are no relatives either by affinity or consanguinity between the Corporation's Directors and Officers.

(f) Involvement in Certain Legal Proceedings

Officers and members of the Board have been named as respondents in some legal actions instituted by buyers of PPI's various real estate projects. The Corporation provides legal assistance to any officer and Board member impleaded in any case related to PPI's activities. The Corporation is expected to address the concerns of the complainants/buyers for the dismissal or amicable settlement of these cases.

- 1) None of them has been involved in any bankruptcy petition.
- 2) None of them has been convicted by final judgment in a criminal proceeding, both domestic and foreign.
- 3) None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (domestic or foreign) permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities.
- 4) None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

(g) Certain Relationships and Related Transactions

Related Party Transactions

The Corporation, in its regular course of business, enters into transactions with subsidiaries and affiliates principally consisting of advances and reimbursement of expenses, purchase and sale of land and other assets.

There were no transactions with promoters in the past five years.

Please refer to Note 16 “Related Party Transactions” of the Notes to Consolidated Financial Statements of the 2023 Audited Financial Statements which is incorporated herein in the accompanying Index to Exhibits.

Item 6. Compensation of Directors and Executive Officers

- (a) The election of Directors is held during the Corporation’s Annual Stockholders Meeting.
- (b) The members of the Board are entitled to a per diem of PhP5,000.00 for every Board meeting and/or Board Committee meeting. In addition to their per diem, the Chairman of the Board receives a monthly allowance of PhP35,000.00, while Directors who are members of the Board Committees (Corporate Governance Committee and Audit Committee) receive a monthly allowance of PhP25,000.00.
- (c) Retirement benefit is in accordance with law while the Corporation is still in the process of drafting a retirement plan.
- (d) Resignation of members of the Board of Directors is discussed in Item 5 Section c.

Name	Position	Year	Salary (Php’ millions)	Bonus	Other Annual Compensation
Mayda B. Castano Atty. Robinson C. Viñas Renato C. Pastrana Esmegardo S. Reyes	Head, Sales Documentation Corporate Secretary Manager, Operations Supervisor, Accounting	2022	2.72	0.00	0.00
Ernest Fritz Server Mayda B. Castano Jose Ma. Alberto Maningat Atty. Robinson C. Viñas Esmegardo S. Reyes	President VP-Operations VP-Finance Corporate Secretary Compliance Officer	2023	6.65	0.00	0.00
Ernest Fritz Server Mayda B. Castano Jose Ma. Alberto Maningat Atty. Robinson C. Viñas Esmegardo S. Reyes	President VP-Operations VP-Finance Corporate Secretary Compliance Officer	2024 est.	7.45	0.00	0.00
All other officers and Directors as a group		2022	5.69	0.00	0.00

All other officers and Directors as a group		2023	1.66	0.00	0.00
All other officers and Directors as a group		2024 est.	1.65	0.00	0.00

The Executive Officers are entitled to benefits, bonus schemes and retirement plan, as follows:

Benefits

- (a) Reimbursement of gasoline/diesel expenses up to a certain amount of liters per month
- (b) Medical plan, on top of what is required by government, is provided on a yearly basis
- (c) Vacation leave of 15 days per year, accumulated up to 30 days but not convertible to cash.
- (d) Sick leave 15 days per year, accumulated up to 45 days but not convertible to cash.

Bonus Scheme

On the basis of performance and attainment of the business plan, in particular the specific objectives for the year, bonus will be in accordance with the Corporation's policy.

Directors and executive officers are not entitled to other compensation plans, contract or arrangement, granting of extension of any option, warrant or right to purchase any securities of the Corporation.

Item 7. Independent Public Accountants

- (a) RS Bernaldo & Associates (RSBA) was the external auditor of the Corporation in 2023 and shall be recommended for re-election for the Corporation's 2024 audit at the meeting.
- (b) RSBA's Mr. Percival R. De Guzman is the Corporation's partner-in-charge for audit year 2023. Mr. De Guzman will remain as the partner-in-charge for audit year 2024.
- (c) The representatives of the firm to be nominated are expected to be present during the meeting and will have the opportunity to make a statement if they so desire and will be available to respond to appropriate questions.
- (d) During the last 5 fiscal years, there have been no disagreements between the Corporation and its auditors on matters related to accounting principles or practices, financial statement disclosures or auditing scope or procedure.
- (e) PPI has an Audit Committee that approves its Audited Financial Statements.

The Corporation's Audit Committee is composed of the following:

Marilou O. Adea	- Chairperson (Independent)
Alfredo B. Parungao	- Member (Independent)
Lauro B. Ramos	- Member

Audit and Audit Related Fees

For 2023, the Corporation paid RSBA Php530,000.00, excluding out of pocket expenses. The fees paid to RSBA are for the audit of the Corporation and its subsidiary, First San Rafael Realty, Inc. and One McKinley Place, Inc. The engagement is limited to the examination of the group's financial statements in accordance with Philippine Standards on Auditing but includes, on a test basis, the review and evaluation of systems, documentation and procedures to ascertain that adequate internal controls are in place.

Item 8. Compensation Plans

- (a) No action will be taken with respect to any plans pursuant to which cash or non-cash compensation may be paid or distributed to the Corporation's officers and employees. Likewise, no action will be taken with regard to bonus, profit sharing, pension/retirement plan, granting of extension of any option, warrant or right to purchase any securities.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Items 9-14. Issuance and Exchange of Securities, Modification or Exchange of Securities, Financial and Other Information, Mergers, Consolidations, Acquisitions and Similar Matter, Acquisition or Disposition of Property and Restatement of Accounts

No securities are to be issued in exchange for existing securities.

On December 18, 2019, PPI and Metropolitan Club, Inc. (Metroclub) entered into a Memorandum of Agreement (MOA), whereby both parties agreed to terminate the joint venture agreement (JVA) the parties executed for the Metropolitan within the Metroclub property in Makati City. Hence, the construction and development of the Metropolitan will no longer be pursued and Metroclub will transfer and convey the title over the land contributed to the JVA and the unfinished structure to the Corporation's designated transferee. The MOA also requires PPI to fully settle all condominium unit buyers, contractors, service providers, suppliers, and consultants of the project.

As of December 31, 2023, Metroclub has transferred and conveyed the title over the land it contributed to the JVA and the unfinished structure to the Corporation's designated transferee. Moreover, almost all condominium unit buyers have been settled, while all contractors, service providers, suppliers and consultants of the project have been settled.

D. OTHER MATTERS

Authorization of Issuance of Securities Otherwise than for Exchange

Since no securities are to be issued in exchange for existing securities, no authorization has been issued to this effect.

Item 15. Action with Respect to Reports

- (a) Approval of the Minutes of the Annual Stockholders' Meeting held on 26 July 2023. Summary of the Meeting:

1. Approval of Minutes of the Special Stockholders' Meeting of 14 January 2022
2. President's Report and Audited Financial Statements

The 2022 Annual Report was noted and appended to the minutes while the 2022 Audited Financial Statements was likewise noted and approved.

3. Ratification of Acts of Management

The minutes of all meetings of the Board of Directors and the acts of the corporate officers for the period between the 2015 Annual Stockholders Meeting until the 2023 Annual Stockholders Meeting were ratified, approved and confirmed. Further, all resolutions adopted by the Board of Directors at said meetings were ratified and

adopted and all acts and proceedings of all Corporate Officers and Directors since the Annual Meeting were also ratified, approved and confirmed by the stockholders.

4. Election of Directors

The following directors were elected:

1. Alfredo B. Parungao – Chairman (Independent)
2. Lauro B. Ramos – Vice Chairman
3. Ernest Fritz Server – Member
4. Francisco A. Segovia – Member
5. Eleuterio D. Coronel – Member (Independent)
6. Marilou O. Adea – Member (Independent)
7. Ariel A. De Guzman – Member

5. Amendment of Articles of Incorporation Article III. Change in the Corporation's principal office

6. Appointment of External Auditor

The appointment of RS Bernaldo & Associates as the Corporation's external auditor was extended.

No other matter was taken up during the said Special Stockholders' Meeting.

Item 16. Matters Not Required to be Submitted

Approval and ratification of all acts of Management and the Board of Directors for the fiscal year 2023 which are considered purely administrative, such as but not limited to:

1. Renewal of credit facilities, foreign exchange lines, domestic bills line and omnibus line with banks.
2. Authority to purchase, sell, negotiate, trade and transact foreign exchange with CC currency.
3. Application and Acceptance of short-term credit lines and finance accommodation with banks.
4. Amendment of authorized signatories for banks, Long Term Commercial Paper and treasury-related transactions.
5. Opening of peso/dollar CASA/ investment in short term Money Market and Temporary Placement instruments with banks.
6. Others.

Item 17. Amendment of Charter, By-laws or Other Documents

Amendment of Articles of Incorporation

No amendment of the Corporation's Articles of Incorporation.

Reasons and General Effects of the Amendment

Not applicable.

Amendment of By-Laws

No amendment of the Corporation's By-Laws.

Reasons and General Effects of the Adoption of New By-Laws

Not applicable.

Item 18. Other Proposed Action

There are no other actions to be taken with respect to any other matter not specifically referred to above.

Item 19. Voting Procedures

- (a) Pursuant to the By-laws of the Corporation, in all regular and special stockholders' meetings, the presence of shareholders who represent a majority of the outstanding capital stock entitled to vote shall constitute a quorum and all decisions made by the majority shall be final. However, the amendment of the Articles of Incorporation and By-Laws of the Corporation to be carried into effect requires the approval of two-thirds (2/3) of the outstanding common stock of the Corporation.

On the election of the members of the Board of Directors, the nominees receiving the highest number of votes shall be declared elected under Section 24 of the Corporation Code of the Philippines and as provided for in Item 4 hereof. Likewise, the nominee for external auditor with the highest number of votes shall be declared elected as such.

The method by which the votes of security holders will be counted is in accordance with the general provisions of the Corporation Code of the Philippines. The counting of votes will be done by the Corporate Secretary.

- (b) Article 11 of the By-laws of the Corporation provides that the stockholders may vote in person or by proxy.

In accordance with Section 24 of the Corporation Code of the Philippines, each stockholder may vote in any one of the following manners:

1. He may vote such number of shares for as many persons as there are Directors to be elected;
2. He may accumulate said shares and give one candidate as many votes as the number of Directors to be elected multiplied by his shares;

He may distribute them on the same principle to as many candidates as he may see fit. In any of these instances, the total number of votes cast by the stockholder should not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the total number of Directors to be elected.

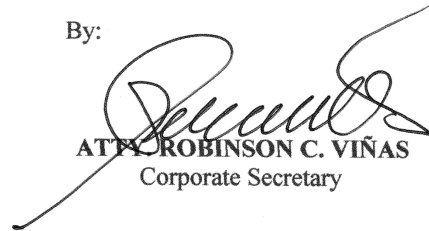
PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Makati City on May 8, 2024.

PHILTOWN PROPERTIES, INC.

By:



ATTY. ROBINSON C. VIÑAS
Corporate Secretary

MANAGEMENT REPORT PHILTOWN PROPERTIES, INC.

I. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

The 2023 Audited Consolidated Financial Statements and the latest interim Unaudited Financial Statement for 2024 are incorporated herein by reference and are filed as part of this Management Report.

II. INFORMATION CONCERNING DISAGREEMENT WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There is no event in the past five years wherein the Corporation had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The Corporation regularly adopts New Statement of Financial Accounting Standards (SFAS) / International Accounting Standards (IAS) where applicable.

III. MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OR PLAN OF OPERATION

Sales of the Corporation's main projects, The Mango Grove (TMG) and Hacienda Del Sol, are ongoing. Each of the lots in these projects are sold with a housing unit. Buyers in both projects are mostly members of the Pag-Ibig Fund and prefer to pay for their units by securing a housing loan from the Pag-Ibig Fund.

As of end 2023, a substantial portion of PPI's share of lots in Hacienda Del Sol have been sold, all with a housing unit. Phase 1 and 2 of the project is almost sold out. Development of the project is now in Phase 3 which to date is partially developed.

PPI continued to sell and build housing units in 2 of its previous subdivisions, Makiling Hills and Woodlands, that are both located in Calamba, Laguna. PPI continues to talk with lot owners in both projects for possible build and sell opportunities.

For the next 12 months, the Corporation will focus on sales and construction efforts in TMG, Makiling Hills and Woodlands, as well as in Makiling Hills Phase 2. PPI also has several condominium units for sale in the Studio A Condominium. For new projects, the Corporation had entered into various agreements with some property owners in Calamba, Laguna and Silang, Cavite. These 2 properties are expected to be PPI's next residential projects.

1st Quarter for CY 2024

Management Report on Operations

The Corporation recorded Revenues of Php47.43 million in the first quarter of 2024. This is a decrease of 43.88% from the Php84.53 million recorded in the same period of last year. Net income during the period likewise decreased to Php8.59 million from Php11.86 million in the same period of 2023. The decrease was due to slower recognition of sales in the horizontal projects.

Financial Position

As of end March 2024, total assets stood at Php1.18 billion as compared to Php1.09 billion last March 2023. This increase was due to increases in cash and accounts and other receivables. Total liabilities was at Php1.21 billion which is slightly higher than the same period of 2023 of Php1.19 billion due to increase in contract liabilities and tenant's deposit.

The key performance indicators of PPI as of end March 2024 vis-à-vis end March 2023 are shown below:

Key Performance Indicators (Amount in Thousands) *	For the three-month period	
	March 2024	March 2023
1. Net Revenues	47,437	84,531
2. Net Income (Loss)	8,593	11,861
3. Current Ratio	1.00	0.94
4. Gross Profit Ratio	0.57	0.40
5. Debt to Equity Ratio	(44.51)	(12.00)

* Except for Ratios

1. Net Revenues

This is the barometer of the general demand for the Corporation's products reflecting the market acceptability vis-à-vis competition particularly in terms of quality, pricing, locations and image and perceptions. This is of primary importance and regularly monitored for appropriate action and/or improvement.

2. Net Income (Loss)

This shows the over-all financial profitability of the Corporation, including the sale of primary and non-primary products and all other assets, after deducting all costs and expenses, interest expenses on debts and taxes.

3. Current Ratio

This determines the Corporation's ability to meet its current maturing obligations using its current resources.

4. Gross Profit Ratio

This measures how much profit the Corporation makes after paying for its cost of goods sold. It indicates the percentage of each peso of revenue that the Corporation retains as gross profit. This will help the Corporation measure how profitable it can sell its inventory.

5. Debt to Equity Ratio

This is a leverage ratio that compares the total debt balance of the Corporation to the value of its total shareholders' equity. It will highlight how the Corporation finances its operations and financing activities either through debt or equity.

Year ended December 31, 2023 vs. 2022

Management Report on Operations

Revenues grew by 1.82%, from Php438.29 million in 2022 to Php446.24 million in 2023. Although there was a slight increase in direct cost by 0.83% but operating expenses decreased by 7.66% that resulted to higher operating profit before tax in 2023. PPI generated net income after tax of Php103.01 million in 2023 as compared with a net income after tax of Php107.08 million in 2022.

Financial Position

The Corporation's total assets increased from Php1.243 billion (as restated in the 2023 Consolidated Comparative AFS) in 2022 to Php1.385 billion in 2023. The increase was primarily due to increase in the collectible of contract receivables from customers. Total liabilities also increased from Php1.485 billion in 2022 to Php1.524 billion in 2023, primarily due to increase in contract liabilities that pertain to advances from prospective buyers.

The key performance indicators of the Corporation as of December 31, 2023 vis-à-vis December 31, 2022 are shown below:

Key Performance Indicators (Amount in Thousands) *	For the twelve-month period	
	Dec 31, 2023	Dec 31, 2022
1. Net Revenues	446,240	438,285
2. Net Income (Loss)	103,010	107,086
3. Current Ratio	0.91	0.83
4. Gross Profit Ratio	0.46	0.45
5. Debt to Equity Ratio	(10.94)	(6.13)

* Except for Ratios

1. Net Revenues

This is the barometer of the general demand for the Corporation's products reflecting the market acceptability vis-à-vis competition particularly in terms of quality, pricing, locations and image and perceptions. This is of primary importance and regularly monitored for appropriate action and/or improvement.

2. Net Income (Loss)

This shows the over-all financial profitability of the Corporation, including the sale of primary and non-primary products and all other assets, after deducting all costs and expenses, interest expenses on debts and taxes.

3. Current Ratio

This determines the Corporation's ability to meet its current maturing obligations using its current resources.

4. Gross Profit Ratio

This measures how much profit the Corporation makes after paying for its cost of goods sold. It indicates the percentage of each peso of revenue that the Corporation retains as gross profit. This will help the Corporation measure how profitable it can sell its inventory.

5. Debt to Equity Ratio

This is a leverage ratio that compares the total debt balance of the Corporation to the value of its total shareholders' equity. It will highlight how the Corporation finances its operations and financing activities either through debt or equity.

To date, there are no known events that may trigger direct or contingent financial obligations that are material to the Corporation, including any default or acceleration of an obligation.

There are also no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons created in 2023.

For 2023, the Corporation earmarked about Php234.6 million for capital and project expenditures for residential development. During the course of the year, PPI will examine the appropriate timing and allocated amounts for these projects and adjusts the budget accordingly to reflect any changes if necessary. These projects will be funded through its regular cash flow.

Year ended December 31, 2022 vs. 2021

Management Report on Operations

Revenues grew by 29.53%, from Php338.36 million in 2021 to Php438.29 million in 2022. No significant increases in direct costs and operating expenses were incurred that resulted to higher operating profit in 2022. PPI also incurred no other expenses that resulted to a net profit of Php107.08 million in 2022 as compared with a net loss of Php83.88 million in 2021.

Financial Position

The Corporation's total assets increased from Php1.088 billion in 2021 to Php1.221 billion in 2022. The increase was primarily due to increase in the collectible of contract receivables from customers. Total liabilities also increased from Php1.438 billion in 2021 to Php1.486 billion in 2022, primarily due to as revenues increase, payables for sales commissions also increase.

The key performance indicators of the Corporation as of December 31, 2022 vis-à-vis December 31, 2021 are shown below:

Key Performance Indicators (Amount in Thousands) *	For the twelve-month period	
	Dec 31, 2022	Dec 31, 2021
1. Net Revenues	438,285	338,361
2. Net Income (Loss)	107,086	(83,642)
3. Current Ratio	0.83	0.76
4. Gross Profit Ratio	0.45	0.30
5. Debt to Equity Ratio	(4.11)	(5.50)

** Except for Ratios*

1. Net Revenues
This is the barometer of the general demand for the Corporation's products reflecting the market acceptability vis-à-vis competition particularly in terms of quality, pricing, locations and image and perceptions. This is of primary importance and regularly monitored for appropriate action and/or improvement.
2. Net Income (Loss)
This shows the over-all financial profitability of the Corporation, including the sale of primary and non-primary products and all other assets, after deducting all costs and expenses, interest expenses on debts and taxes.
3. Current Ratio
This determines the Corporation's ability to meet its current maturing obligations using its current resources.
4. Gross Profit Ratio
This measures how much profit the Corporation makes after paying for its cost of goods sold. It indicates the percentage of each peso of revenue that the Corporation retains as gross profit. This will help the Corporation measure how profitable it can sell its inventory.

6. Debt to Equity Ratio

This is a leverage ratio that compares the total debt balance of the Corporation to the value of its total shareholders' equity. It will highlight how the Corporation finances its operations and financing activities either through debt or equity.

Causes for Any Material Changes from Period to Period of FS, which shall include vertical and horizontal analyses of any material item

The Corporation is not aware of the following:

- a) Any events that will trigger direct or contingent obligation or any default or acceleration of an obligation that is material to the Corporation.
- b) Any known material off-balance sheet transaction, arrangements, obligations (including contingent obligations), and other relationships of the Corporation with unconsolidated entities or other persons created in 2023.

Seasonal Aspect that has Material Effect on the FS

There is no material effect with the seasonal aspect of certain raw materials.

Audit and Audit Related Fees

a) Audit Fees

For 2023, PPI paid RSBA Php530,000.00, excluding out of pocket expenses. The fees paid to RSBA are for the audit of PPI and its subsidiaries, First San Rafael Realty, Inc. and One McKinley Place, Inc. The engagement is limited to the examination of the group's financial statements in accordance with Philippine Standards on Auditing but includes, on a test basis, the review and evaluation of systems, documentation and procedures to ascertain that adequate internal controls are in place.

b) Tax Fees

RSBA did not render any service for tax accounting compliance, advice, planning and other form of tax services during the last 2 years

c) All Other Fees

No other services were rendered by RSBA to the Corporation other than external audit services during the last 2 years.

- d) All services to be rendered by the external auditor other than external audit services are discussed and need to be approved by the Audit Committee during special Audit Committee meeting held for the purpose.

IV. BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE BUSINESS

RFM Properties Holdings, Inc. was established in 1995 to gain experience build assets of their own. It was then renamed as Philippine Townships, Inc. to expand their portfolio in industrial estates. In 1997, a financial crisis hits Asia and greatly affected many companies including the parent company of PPI causing them to balance its real estate development. Year 2008, another crisis from the US took a big toll on the financial condition and liquidity of the Corporation. PPI had to sell raw lands, enter a joint venture, and focus on horizontal development to enhance value

of the remaining assets and go back on top. The Corporation was then given its present name, PPI Properties, Inc. later that same year.

Among the projects of PPI were mid-income residential subdivisions in Calamba, Laguna, such as Glenwood Park, Ridgemont South, Makiling Hills and Woodlands. The Corporation then began their approach to more upscale projects that started with Tagaytay Heights in Tagaytay City.

By the late 1990s, PPI expanded their projects into industrial estates development that opened doors for Manggahan Light Industrial Park in Pasig City, Philtown Technology Park (PTP) in Tanauan, Batangas, and a joint industrial estate project located also in Batangas called Light Industry & Science Park 3 (LISP3) to flourish.

It was also in the late 1990s when it began venturing into high-rise condominiums such as One McKinley Place located at Bonifacio Global City (BGC) in Taguig, City. To start the century, PPI developed more condominiums such as Fairways Tower (FWT), also located in BGC, the Metropolitan in Makati City and the WH Taft Residences in Manila.

One McKinley Place and Fairways Tower have been completed and turned over to buyers in this present-day. However, WH Taft Residences is now under another property developer, Double Dragon Properties Corp. (DDC) since 2012, meanwhile, the joint venture for the Metropolitan was terminated in 2019.

In 2008, RFM Corporation, PPI's parent company, declared 81% of shares as property dividends to their 3,000 shareholders, making PPI a publicly owned company. By 2012, RFM Corporation declared all of its remaining PPI shares as property dividends to its shareholders.

In 2011, PPI entered into a joint venture with Filinvest Land, Inc. (FLI) for the construction of a condominium building on PPI's 1,147 sqm lot in Loyola Heights, Quezon City. For this venture, PPI is the landowner and FLI is the developer. The condominium is called Studio A Condominium. Construction was completed in the last quarter of 2017.

As of 2023, PPI's ongoing projects are: The Mango Grove (TMG), a 28-hectare subdivision in Batangas partnered with C-Belle Development Corporation (C-Belle) where PPI has a 28% share; Hacienda Del Sol, a 19.3-hectare subdivision also in Batangas which is under joint venture with Holiday Homes, Inc. (HHI) where PPI has a 40% share; Studio A Condominium in Loyola Heights, Quezon City, is the remaining high-rise project of the Corporation; and the recently launched Makiling Hills Phase 2, a 1.5-hectare expansion project of PPI's Makiling Hills subdivision in Calamba, Laguna. These projects are being marketed through PPI's accredited real estate brokers, while Studio A is being marketed by FLI.

The Corporation's core and support businesses are as follows:

Core Businesses

The Corporation's core/primary business is residential development for the middle-income market. Except for Studio A, all of PPI's projects are housing developments located in the Batangas and Laguna areas.

PPI also derives some income from interest on bank placements, installment sales and from the sale of non-core assets. The Corporation has no support businesses where it derives any income.

Product / Business Lines	%
Residential Development / Sales	100.0
Service Income	0.0

Competition

The Corporation's primary business is geared towards the development of residential projects, mostly horizontal. In this regard, it competes with numerous property developers offering the same products including the likes of DECA Homes, Axeia Devt. Corp., Amaia Land, Bria Homes, among others.

Companies normally compete in the industry by acquiring properties in strategic locations and developing these into projects that will cater to the market in the area. These projects are then marketed by a potent sales force of either in-house sales agents or independent property brokers. Companies have also invested in very appealing showrooms and sales offices that have visuals of their projects.

Price is a factor in the socialized, low-income and middle-income segment of the industry. Companies continue to look for ways to create products that are cost efficient yet attractive for their target market. In recent years, companies have started to offer longer amortization payment schemes, either internally or in conjunction with banks to make their products more affordable to a wider market.

As mentioned, the Corporation competes with major industry players that are usually engaged in all product segments of the industry such as residential development, commercial leasing, property management and township projects. Needless to say, these major players are much bigger than the Corporation in terms of earnings and assets. However, Management believes that the Corporation can be competitive as long as it focuses on a selected niche of the industry.

Suppliers

The Corporation has limited suppliers as most of its requirements are supplied by its hired contractors or joint venture partners.

Customers

The Corporation has a broad market base mostly based in the country. The Corporation is not dependent on any single or group of customers.

Transactions with Related Parties

The Corporation, in its regular course of business, enters into transactions with subsidiaries and affiliates principally consisting of advances and reimbursement of expenses, purchase and sale of land and other assets.

Patents, Trademarks, Licenses, Franchise

The names and logos of the Corporation's various real estate projects are under trademark. The Corporation, as well as its operations, is not in any way dependent on these trademarks. It is common for several projects in the same area to have similar sounding names. The crucial distinguishing factor is the reputation of the developer, as customers generally base the decision to purchase on a developer's previous projects and financial strength.

Government and Environmental Regulations

The real estate industry is subject to significant government regulation in respect of land acquisition, development planning, project design, construction, sales and financing.

After the planning process, the Corporation normally applies for a development permit with the local government. For subdivision projects where the land to be developed is still classified for

agricultural use, the Corporation then applies with the Department of Agrarian Reform (DAR) for a Certificate of Conversion or exemption, as may be proper, prior to the start of development. Some of the Corporation's landbank in Southern Luzon requires undergoing the DAR conversion process.

On the other hand, the approval of a project's development plan is conditioned on the completion of the acquisition of the project site, as well as the developer's financial, technical and administrative capabilities. Approvals need to be obtained at the local and national level. Necessarily, the operations of the Corporation are affected by the nature and extent of the regulation of its business. Moreover, the time and cost to secure these approvals vary from project to project.

On the matter of sales, the Corporation is subject to the Maceda Law, which gives buyers of real property purchased on installment basis certain rights regarding the cancellation of their sales transactions and obtaining refunds from the developer.

The Corporation believes that it has complied with all applicable Philippine environmental laws and regulations. Management is of the opinion that compliance with such laws will not have a material effect on capital expenditures and earnings.

Employees

As of December 31, 2023, the Corporation had a total manpower complement of twenty-seven (27) employees. The Corporation expects to increase its employees within the next 12 months.

None of the Corporation's employees are members of any labor union. Moreover, the Corporation has no Collective Bargaining Agreement with any of its employees or group of employees.

Management believes that its relationship with its employees is generally good. The Corporation has not recently experienced any material interruption of operations due to labor disagreements.

Business Risks

The Corporation is subject to various business risks including changes in the Philippine economic and political condition, local interest rates, value of the Philippine currency, changes in the cost of construction materials and labor, changes in laws and regulations that apply to the Philippine real estate industry and strategic moves from its competitors that may alter industry dynamics.

To mitigate the above-mentioned risks, the Corporation shall continue to adopt appropriate risk management tools as well as conservative financial and operational controls and policies to manage the various business risks it faces.

Working Capital

The Corporation finances its working capital requirements through a combination of internally-generated cash, joint ventures, borrowings and proceeds from the sale of non-core assets.

Domestic and Export Sales

Amounts of revenue, profits and assets attributable to domestic and foreign operations for 2023, 2022 and 2021:

In Php Millions	2023	2022	2021
<u>Consolidated Total income</u>			
Domestic	446.2	438.3	338.4
Foreign	0.0	0.0	0.0
<u>Consolidated Net Income (Loss)</u>			
Domestic	103.0	107.1	(83.6)
Foreign	0.0	0.0	0.0
<u>Consolidated Total Assets</u>			
Domestic	1,385.4	1,243.5	1,088.6
Foreign	0.0	0.0	0.0

Properties

The Corporation has the following properties:

Location/Project	Size	Primary land use	Ownership
Metro Manila:			
Loyola Heights, Quezon city / Studio A /1	1,147.2 sq.m.	Residential	Corporation
Calabarzon:			
Tanauan, Batangas / Hacienda Del Sol /2	193,776.0 sq.m.	Residential	Corporation
Tanauan, Batangas / SPPI Rear Lots	377,019.5 sq.m.	Residential	Corporation
Sto. Tomas, Batangas / The Mango Grove /3	199,680.0 sq.m.	Residential	Corporation
Tanauan, Batangas / Plantacion Del Sol /4	51,920.0 sq.m.	Residential	Corporation
Calamba, Laguna / Makiling Hills Expansion	69,224.0 sq.m.	Residential	Corporation
Calamba, Laguna / Makiling Hills Phase 2	15,642 sq.m.	Residential	Corporation

/1 Studio A is a joint venture with Filinvest Land, Inc. Project was completed in 2017.

/2 Hacienda Del Sol is being developed through a joint venture arrangement.

/3 The Mango Grove is being developed through a joint venture arrangement.

/4 Plantacion Del Sol 1 and 2 are fully developed.

Rental Properties

The Corporation has no property for rent.

Leased Properties

The Corporation leases its office at the 3rd Floor of BJS building in Makati City at a monthly lease of Php51,958.37 inclusive of VAT. The lease term is for 1 year, renewable thereafter for a minimum period of 1 year.

Property Acquisitions

The Corporation purchased a 15,642 sq.m. property in Calamba, Laguna. Down payment was made in November 2021. Full payment in January 2022. The property is now developed and named Makiling Hills Phase 2, an expansion of PPI's existing Makiling Hills subdivision.

Property Disposition

On December 18, 2019, PPI and Metropolitan Club, Inc. (Metroclub) entered into a Memorandum of Agreement (MOA), whereby both parties agreed to terminate the joint venture agreement (JVA) the parties executed for the Metropolitan within the Metroclub property in Makati City. Hence, the construction and development of the Metropolitan will no longer be pursued by PPI and Metroclub will transfer and convey the title over the land contributed to the JVA and the unfinished structure to PPI's designated transferee. The MOA also requires PPI to fully settle all condominium unit buyers, contractors, service providers, suppliers, and consultants of the project.

As of end 2022, Metroclub has transferred and conveyed the title over the land it contributed to the JVA and the unfinished structure to the designated transferee. Moreover, almost all condominium unit buyers have been settled, while all contractors, service providers, suppliers and consultants of the project have been settled.

Legal Proceedings

Lawsuits and legal actions are in the ordinary course of the Corporation's business. However, the Corporation does not believe that any of these lawsuits or legal actions to which it is a party will have a significant impact on its financial position or results of operations.

Following are cases involving the Corporation that may have some but not a significant impact on its financial position:

- 1) Puyat Floorings Products, Inc. vs Philtown, R-MKT-16-03352-CV. This is a Civil Case for collection of sum of money. Decision rendered in favor of Plaintiff but the Company filed its timely Motion for Reconsideration and subsequently for appeal to Court of Appeals.
- 2) Spouses Glorino & Marilyn Fularon vs Philtown, O.P. Case No. 12-B-043 (HLURB Case No. REM A-111024-01558). Sps Fularon appealed the case to Court of Appeals and now to Supreme Court – pending for resolution.
- 3) One McKinley Place Condominium Corp. vs OMPI - Civil Case No. 846 RTC TGG for specific performance to pay RPT tax with Taguig Treasurer Office.
- 4) Rodolfo M. Velasquez vs Philtown - Pending before HSAC - for delivery of title, the property was made as payment for unpaid construction bills by way of dacion en pago. The issue is limited to non-payment of RPT and transfer fees. There is discrepancy of TIN of the company named in the DOAS that causes delay of transfer.
- 5) Spouses Edward and Liza De Castro vs Philtown - HSAC case for delivery of title - no settlement has been concluded. The case is now for submission of respective position paper.

- 6) Criminal Cases versus Spouses Erano and Josephine Esteban. This is a case involving qualified theft and/or extortion which is pending for resolution before the office of City Prosecutor of Santo Tomas, Batangas.
- 7) Labor Case for Illegal Dismissal – Josephine D. Esteban Vs Philtown. Status is pending trial at NLRC-RAB-IVA-Calamba City.

Submission of Matters to a Vote of Security Holders

The Board of Directors, in a special meeting of the Board held on November 24, 2021, issued a resolution calling for the conduct of a special stockholders' meeting to be held on January 14, 2022 for the stockholders to ratify and approve the proposed filing of a joint petition for rehabilitation of PPI with wholly-owned subsidiary, OMPI. The result, of the Corporation's total outstanding shares of 436,700,000, which includes preferred shares, stockholders representing 376,466,490 shares or 86.2%, voted in favor of the resolution. No stockholder abstained or voted against the resolution.

V. DIRECTORS AND EXECUTIVE OFFICERS

List of Directors, Including Independent Directors

Name of Director/ Executive Officer	Position	Type of Director	Age	Term as Director
Alfredo B. Parungao	Chairman	Independent / Non-Executive	86	2008– 2023
Lauro B. Ramos	Vice Chairman	Non-Executive	73	2012 – 2023
Ernest Fritz Server	President	Executive	80	1995 – 2023
Francisco A. Segovia	Treasurer	Non-Executive	70	1995 – 2023
Ariel A. De Guzman	Member	Non-Executive	60	2014 – 2023
Marilou O. Adea	Member	Independent / Non-Executive	73	2022 – 2023
Eleuterio D. Coronel	Member	Independent / Non-Executive	70	2022 – 2023

Board of Directors

Alfredo B. Parungao

86 years old

Filipino

Born on 24 January 1938, he has a degree in Commerce major in Accounting (Summa Cum Laude) from Far Eastern University and is a Certified Public Accountant. Mr. Parungao has a vast wealth of knowledge in property development as former CFO of the Metro Pacific group's Fort Bonifacio Development Corporation. He is currently the President of Ligaya Management Corporation, Vice President and member of the Board of Trustees of the P&Gers Fund, Inc. and Chairman of CIBI Foundation, Inc. In addition, he is a Director of Philippine Rating Services, Inc., CIBI Information, Inc., and DS Realty, Inc.

Lauro B. Ramos

73 years old

Filipino

Born on 03 February 1951, he has a degree in Accountancy from the University of the East and is a Certified Public Accountant. Mr. Ramos had a long career with the RFM group and served as RFM Corporation's Chief Finance Officer up to his retirement. He previously served as Director in various RFM subsidiaries such as RFM Insurance Brokerage, Inc., Interbake Commissary Corp. and RFM Equities, Inc.

Ernest Fritz D. Server

80 years old

Filipino

Born on 08 July 1943, he has a degree in Economics from the Ateneo de Manila and a Master's degree in Business Administration from the Wharton School of the University of Pennsylvania. Mr. Server is President of Superior Las Pinas, Inc., Vicinetum Holdings, Inc. and Cornerstone Energy Devt., Inc. He is also Chairman of Westview Properties, Inc. and Arrakis Holdings, Inc. He is the Vice Chairman of RFM Corporation and a Director of RFM Foundation, ABS-CBN Convergence, Inc., Cirtex Holdings Philippines Corp., A1 Move Logistics, Inc., Phil Stratbase Consultancy, Inc., Seacage Industries, Inc. and 818 Aqua Farms, Inc.

Francisco A. Segovia

70 years old

Filipino

Born on 17 January 1954, has a Bachelor of Science degree in Business Management from the Ateneo De Manila. He is Chairman and CEO of Segovia & Co., Inc. and FEATI Aviation, Inc. He likewise serves as Vice Chairman and CEO of FEATI University, RPMC Resources, Inc., IT Resources Corporation and Swifts Foods, Inc. Mr. Segovia is also a director of Wide Wide World Express Corporation and RFM Corporation.

Ariel A. De Guzman

60 years old

Filipino

Born on 05 March 1964, holds a degree in Accountancy and is a Certified Public Accountant and a Licensed Real Estate Broker. Prior to joining PPI's Board in 2014, Mr. De Guzman had a long career with the RFM Group and from 2007 to 2010, then was head of PPI's Accounting group holding the position of Asst. Vice President/Controller. As part of the RFM Group, he held various positions the last was as Vice President – Head of Internal Audit. He presently serves as consultant in various companies. Also, he serves as Treasurer and Director of Reliable Insurance Brokers Inc., Conglomerate Savings & Financing Corporation and USSR Holdings Inc.

Marilou O. Adea

73 years old

Filipino

Born on 11 February 1951, she has a degree in Business Administration from the University of the Philippines. Ms. Adea presently serves as a Director of Malarayat Rural Bank and as a consultant of FBO Management Network, Inc. Prior to joining PPI's Board, Ms. Adea has held numerous positions in the private and public sectors. She was previously an Independent Director of Vista Land Land & Lifescapes, Inc. and held key positions with the Home Development Mutual Fund (Pag-Ibig Fund) and the National Home Mortgage Finance Corporation.

Eleuterio D. Coronel

70 years old

Filipino

Born on 20 February 1954, he has a degree in Mathematics from De La Salle University. Prior to joining PPI's Board in 2022, Mr. Coronel had a distinguished career in real estate and finance. He was previously the EVP & COO of Filinvest Development Corporation, President & CEO of PPI (up to April 2013), member of the Board of United Coconut Planters Life Assurance Corporation and President & COO of All Asia Capital & Trust Corporation.

Appointment / Resignation of Directors

No Director was appointed and/or resigned from the Board in year 2023.

Executive Officers

Name	Position
Ernest Fritz Server	President
Mayda B. Castano	Vice President – Operations
Jose Ma. Alberto D. Maningat	Vice President – Finance
Atty. Robinson C. Vinas	Corporate Secretary
Esmegardo S. Reyes	Compliance Officer

Mayda B. Castano

64 years old

Filipino

Born on 07 July 1959, has a degree in Business Administration from the University of the East. Started with PPI as an in-house broker in 2003. Prior to being promoted to Vice President – Operations in June 2022, Ms. Castano was the Head of Sales and Documentation of PPI. She has held various jobs with other property companies as a real estate broker and in sales documentation.

Jose Ma. Alberto D. Maningat

55 years old

Filipino

Born on September 11, 1968, has a degree in Manufacturing Engineering and Management from De La Salle University and a Master's degree in Business Management from the Asian Institute of Management. Mr. Maningat was previously connected with the investment banking groups of Investment and Capital Corporation of the Philippines and All Asia Capital and Trust Corporation.

Atty. Robinson C. Vinas

53 years old

Filipino

Born on 24 October 1970, was admitted to the Bar on May 2006 and completed his Bachelor of Law degree from the University of Caceres in Naga City. Prior to joining PPI in July 2018, Atty. Vinas held various legal positions with the Commission on Human Rights as well as private companies such as Hanjin Heavy Industries, Inc., Specified Contractors Devt., Inc., Woodhaven Corporation and Marvi Hills Realty Corporation.

Esmegardo S. Reyes

70 years

Filipino

Born on August 8, 1953, has a degree in Business Administration major in Accounting from the University of the East, is a Certified Public Accountant, with a Master's degree in Business Administration from Wesleyan University. Prior to joining PPI in 2018, Mr. Reyes held various Accounting positions with Bangko Sentral ng Pilipinas (BSP) starting in 1985 up to his retirement from the BSP in 2014.

VI. SECURITIES OF THE CORPORATION

Market Information

The Corporation's common shares are not publicly traded in any local or foreign stock exchange.

Holders

As of 30 April 2024, there are 4,030 holders of the Corporation's common stock (based on the number of accounts registered with the stock transfer agent). The following are the top 20 holders of the common equity securities of the Corporation.

Stockholders	Shares Subscribed	% to Total Outstanding
1. Triple Eight Holdings, Inc.	46,529,300	21.31%
2. Horizons Realty, Inc.	44,760,903	20.50%
3. BJS Development Corporation	21,463,503	9.83%
4. PCD Nominee Corp. (Filipino)	18,852,092	8.63%
5. Renaissance Property Management Corp.	13,930,334	6.38%
6. FEATI University	7,725,183	3.54%
7. Chilco Holdings, Inc.	5,017,339	2.30%
8. Concepcion Industries, Inc.	4,923,230	2.25%
9. S & A Industrial Corporation	4,101,798	1.88%
10. Sahara Management & Development Corp.	3,968,398	1.82%
11. Select Two Inc.	3,413,882	1.56%
12. FEBTC A/C No. 216-00145	3,215,430	1.47%
13. Republic Commodities Corporation	2,283,912	1.05%
14. PCD Nominee Corp. (Non-Filipino)	1,726,396	0.79%
15. Sole Luna Inc.	1,650,137	0.76%
16. Macric Inc.	1,607,116	0.74%
17. Young Concepts, Inc.	1,605,489	0.74%
18. Lace Express, Inc.	1,605,482	0.74%
19. Monaco Express Corporation	1,605,471	0.74%
20. Foresight Realty Development Corp.	1,325,229	0.61%
21. Others	27,039,381	12.38%
TOTAL	218,350,005	100.00%

There are no securities to be issued in connection with an acquisition, business combination or other reorganization.

Dividends

The Corporation has not declared any cash dividends during the last three years. There are no provisions in the Corporation's By-Laws that limit its ability to pay dividends on common equity or that are likely to do so in the future.

Pursuant to SEC Memorandum Circular No. 11 series of 2008, the Corporation is required to provide a schedule of Reconciliation of Retained Earnings for Dividend Declaration. However, since the Corporation has incurred losses in past years and has negative retained earnings or deficit, the said schedule is not applicable to PPI.

Dividend Policy

Dividends declared by the Corporation on its shares of stocks are payable in cash, property, or in additional shares of stock. The payment of dividends in the future depends on the earnings, cash flow and financial condition of the Corporation as well as other factors.

Cash dividends are subject to the approval of the Board of Directors but the approval of stockholders is not required. Property dividends, which may come in the form of additional shares of stock or other assets (i.e., real estate), are subject to the approval of the Board of Directors and stockholders. Moreover, the payment of stock dividends is subject to the approval of the SEC.

Recent Sale of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Corporation has not sold or issued any securities that constitute an exempt transaction during the past three years.

VII. LEADING PRACTICES ON CORPORATE GOVERNANCE

To comply with the requirements of good corporate governance, the Corporation undertakes initiatives to promote ethical standards, strengthen internal controls, and develop compliance culture and programs.

The Corporate Governance Framework of the Corporation will identify the key players involved in ensuring the application of good governance practices and policies within the Corporation. The shareholders nominate and appoint Directors to the Board who meet the qualifications prescribed by the Corporation, the Corporation Code and SEC. The Board ensures that there is effective oversight of the Corporation's activities. The Board also ensures the Corporation's long - term success by securing its sustained competitiveness in a manner consistent with its fiduciary responsibility. Management formulates and implements policies and directions governing the management and operation of the Corporation and its subsidiaries. Management is responsible for the Corporation's organizational and procedural controls.

The External Auditor is selected and appointed by the shareholders and provides objective assurance on the way the financial statements are prepared and presented. The Internal Auditor performs its independent audit function within the organization and provides reasonable assurance that the Corporation's key organizational and procedural controls are effective, appropriate and followed. The Compliance Officer reports directly to the Board and is tasked to monitor compliance with the provisions and requirements of the Manual on Corporate Governance, the Code and such other laws, circulars, rules and regulations issued in relation to corporate governance, and report any violations to the Board.

To date, there had been no observed or reported deviations or violations of the Corporation's Manual on Corporate Governance.

VIII. REGISTRANT'S MANAGEMENT REPORT

The Corporation shall undertake to provide without charge, a copy of the registrant's Management Report on SEC Form 17-A upon written request to:

JOSE MA. ALBERTO D. MANINGAT
Vice President – Finance
3/F, BJS Building
1869 P. Domingo Street
Makati City, Philippines
Email: philtown.ssm@gmail.com

PHILTOWN PROPERTIES, INC.

By:


ATTY. ROBINSON C. VINAS
Corporate Secretary

COVER SHEET

SEC Registration Number

A	S	9	5	0	0	-	4	6	1	6
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COMPANY NAME

P	H	I	L	T	O	W	N		P	R	O	P	E	R	T	I	E	S		I	N	C							

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

3	R	D		F	L	R	.	B	J	S		B	L	D	G	.	,	B	J	S		C	O	M	P	O	U	N	D
1	8	6	9		P	.	D	O	M	I	N	G	O		S	T	.	,	B	A	R	A	N	G	A	Y			
K	A	S	I	L	A	W	A	N	,	M	A	K	A	T	I		C	I	T	Y									

Form Type

FORM 17 Q

Department Requiring the Report

C G F D

Secondary License Type, If Applicable

Not applicable

COMPANY INFORMATION

Company's Email Address

philtownpropertiesinc2021@gmail.com

Company's Telephone Number

8-8006694

Mobile Number

None

No. of Stockholders

4,030

Annual Meeting (Month/Day)

Last Wednesday of June

Fiscal Year/Month/Day

December 31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Jose Ma. Alberto Maningat

Email Address

j_maningat@yahoo.com

Telephone Number/s

8-7725371

Mobile Number

9178077600

CONTACT PERSON'S ADDRESS

3rd Floor, BJS Building, BJS Compound, 1869 P. Domingo St., Barangay Kasilawan, Makati City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period **March 31, 2024**
2. Commission Identification Number **AS0954616**
3. BIR Tax Identification No. **004-624-281-0000**
4. Exact name of issuer as specified in its charter: **PHILTOWN PROPERTIES, INC.**
5. Province, country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office: **3rd Floor, BJS Building, BJS Compound,
1869 P. Domingo St., Makati City**
8. Issuer's telephone number, including area code: **(632) 88006694**
9. Former name, former address and former fiscal year, if changed since last report:

Not Applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class

Number of shares of common
stock issued and outstanding

Common Shares

218,350,005

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

Yes [] No [x]

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The financial statements are filed as part of this form 17-Q, pages 29 to 32 herein by reference to said quarterly report.

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

Analysis of Results of Operations

YTD March 2024 vs YTD March 2023

Revenue from sale of real estate went down by Php37.09 million in the first quarter of 2024 as compared to the same period last year due to slow sales in horizontal projects. Cost of real estate sold also registered a decrease of Php30.48 million in the same period.

The Company registered a lower net income of Php8.59 million in the first quarter of 2024 compared to PPhp11.86 million in the same period last year mainly due on lower sales. Operating expenses incurred in the first three months of 2024 was lower by Php2.17 million as compared to the same period last year.

The key financial indicators for the Company for the three-month period ending March 2024 as compared to the same period in 2023 are as follows:

Key Performance Indicators (Amount in Thousands) *	For the three-month period	
	Mar 2024	Mar 2023
1. Net Revenues	47,437	84,531
2. Net Income (Loss)	8,593	11,861
3. Current Ratio	1.00	0.94

* Except Current Ratio

1. Net Revenues

This is the barometer of the general demand for the Company's products reflecting the market acceptability vis-à-vis competition particularly in terms of quality, pricing, locations and image and perceptions. This is of primary importance and regularly monitored for appropriate action and/or improvement.

2. Net Income (Loss)

This shows the over-all financial profitability of the Company, including the sale of primary and non-primary products and all other assets, after deducting all costs and expenses, interest expenses on debts and taxes.

3. Current Ratio

This determines the Company's ability to meet its current maturing obligations using its current resources.

Analysis of Financial Condition and Balance Sheet Accounts

As of March 31, 2024, total assets registered at Php1,188.23 million compared to Php1,092.24 million as of March 31, 2023 or an increase of Php95.99 million due to increase in cash and accounts & other receivables – net.

Real estate inventories decreased from Php483.07 million as of March 31, 2023 as compared to Php463.76 million as of March 31, 2024, caused by the robust sales of the horizontal projects during the last semester of 2022.

Contract liabilities went up to Php71.31 million in the first quarter of 2024 as compared to Php49.48 million of the first quarter of 2023, due to higher payment buyers' reservations and equity.

Notes to Financial Statements

The Company's financial statements for the first calendar quarter have been prepared in accordance with Philippine Financial Reporting Standards. The same accounting policies and methods of computation used are consistent with the most recent audited financial statements.

The Company discloses the following:

(a) There are no unusual items as to the nature and amount affecting assets, liabilities, equity, net income, or cash flows, except those stated in Management's Discussion and Analysis of Results of Operations and Financial Condition.

(b) There are no material changes in estimates of amounts reported in prior financial periods, other than those disclosed in the most recent audited financial statements;

(c) Except as disclosed, there are no known trends, demand, commitments, events or uncertainties that may have an impact on sales and income from continuing operations;

(d) There are no issuances, repurchases and repayments of debt and equity securities other than mentioned;

(e) There are no known trends, demands, commitments, events or uncertainties that will have material impact on the Company's liquidity nor have a favorable or unfavorable impact on revenues or income from continuing operations;

(f) There are no dividends paid separately for ordinary shares and other shares;

(g) There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements;

(h) Other than mentioned, there are no material changes in the business composition of the Company during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring, and discontinuing operations;

(i) (i) There is no change in contingent liabilities since the most recent audited financial statements;

(j) On March 30, 2022, the Company filed with the court for rehabilitation under R.A No. 10142, known as the Financial Rehabilitation and Insolvency Act of 2010 (FRIA) because of financial insolvency since the liabilities are greater than the assets. The causes of the financial distress are as follows:

- The 1997 Asian Financial Crisis
- Overlapping ventures in high-end residential condominiums
- High-interest bank and non-bank loans
- The US subprime mortgage crisis of 2008

- Delays caused by the COVID-19 pandemic
- Unsettled real property taxes, interests and penalties, advances, and transfer of ownership.

The rehabilitation plan shall include the following Stay or Suspension Order:

- Suspend all actions to enforce any judgment, attachment or other provisional remedies against petitioners;
- Suspend all actions or proceedings, in court or otherwise, for the enforcement of claims against petitioners;
- Prohibit petitioners from selling, encumbering, transferring or disposing in any manner of its properties except in the ordinary course of business; and
- Prohibit petitioners from making any payment of its liabilities outstanding as of the commencement date except as may be provided under the FRIA.

On March 10, 2023, the Court issued an Omnibus Order giving ***Due Course*** on the Company's petition for rehabilitation.

The Company made some significant developments. These are the following:

1. Continuous consultation of the Company and its creditors.
2. Reorganization of board of directors and executive committees.
3. Creation of audit committee; Compliance and Updating of Submissions to SEC.
4. Submission or revised rehabilitation plan to the creditors for examination and confirmation.

(k) There were no material off-balance sheet transactions, arrangements, obligations, and other relationship of the Company with unconsolidated entities or other persons created during the reporting period.


PART II – OTHER INFORMATION

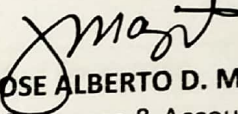
The Company has no other pertinent information to disclose in this quarterly report.

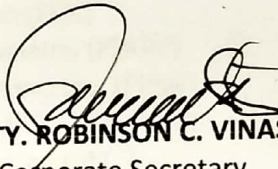
SIGNATURES

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

PHILTOWN PROPERTIES INC.
Registrant


ERNEST FRITZ SERVER
President


JOSE ALBERTO D. MANINGAT
VP-Finance & Accounting


ATTY. ROBINSON C. VINAS
Corporate Secretary

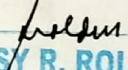
MAKATI CITY

MAY 08 2024

SUBSCRIBED AND SWORN to before me this _____ day of _____, 2024 affiants
exhibiting to their proof of identification as follows:

Names	Proof of Identification	Date of Issue	Place of Issue
Ernest Fritz Server	TIN: 115-593-099		
Jose Alberto Maningat	TIN: 164-368-124		
Atty. Robinson C. Vinas	TIN: 915-784-309		

Doc No. 448
Page No. 90
Book No. 408
Series of 2024


DAISY R. ROLDAN
Notary Public
Until December 31, 2024
PTR No. 18456032 - Makati
IBP No. 248855-Roll No. 25068

NOTES TO UNAUDITED SEPARATE FINANCIAL STATEMENTS
For the Period Ended March 31, 2024 and March 31, 2023

1. Corporate Information

Philtown Properties, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission on May 12, 1995. The Company is involved in real estate development, leasing and selling of real properties.

The registered office address of the Company is at 3rd floor, BJS Building, BJS Compound, 1869 P. Domingo St., Barangay Kasilawan, Makati City.

The Company is 97.43% owned by domestic corporations and 2.57% by Filipino individuals. As of **March 31, 2024**, the company holds ownership interests in the following subsidiaries and associates:

Subsidiaries *	% of Ownership
Philtown Utilities Corporation (PUC)	100
First San Rafael Realty Corporation (FSRRC)	100
Philtown Property Management, Inc. (PPMI)	100
One McKinley Place, Inc. (OMPI)	100
Metropolitan Tower Corporation (MTC)	100

** Ceased operations except FSRRC*

PUC and PPMI are engaged in utilities distribution and property management while the other subsidiaries are engaged in real estate development and leasing of property.

Joint Ventures	% of Ownership
Filinvest Land Corporation (Studio A)	11
C-Belle Property Development (The Mango Grove)	28
Plantacion Del Sol-Ibiza II	50
Holiday Homes, Inc. (Hacienda del Sol)	40

Status of Operations

The Company is focused in horizontal development in its Laguna and Batangas projects and continues to sell its remaining completed vertical projects in Metro Manila. It also considers disposing some of its uncompleted real estate projects and investment properties to generate cash that will provide the company's cash flows for its operations and debt servicing.

2. Basis of Preparation and Statement of Compliance

The financial statements have been prepared on the historical cost basis and are presented in Philippine Peso. All values are presented in absolute amounts, unless otherwise indicated. Historical cost is generally based on the fair value of consideration given in exchange for an asset and the fair value of the consideration received in exchange for incurring a liability.

Moreover, the financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the SEC including SED pronouncements. This financial reporting framework includes PFRS, PAS, Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The undertakings of the subsidiaries have been fully consolidated in the financial statements.

3. Summary of Significant Accounting and Reporting Policies

Adoption of New and Revised PFRS Applied with No Material Effect on the Financial Statements

The application of these new and revised PFRS 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 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.

- 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.

- Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure Initiative – Accounting Policies

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.

New and Revised PFRS Issued But Not Yet Effective

The Company will adopt the following standards and interpretations 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.

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

Amendments to PAS 1 – Classification of Liabilities as Current or Non-Current

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of 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 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 the 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, 2024, with early application permitted.

- Amendments to PAS 7 and PFRS 7, Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PAS 1, Non-current Liabilities with Covenants

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability’s classification as current or non current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

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

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

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permit

- 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 fulfillment 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 an amount charged for services. Similarly, it requires the entity to present deposit repayments as settlements of liabilities rather than 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*
 - 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 effective to 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 (i.e., up to the extent only of unrelated investor share).

On January 13, 2016, the FRSC 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.

Assets and Liabilities

Recognition and Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair market value through profit and loss (FVPL), includes transaction cost.

Classification

Classification of Financial Instruments. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and (c) financial assets at fair value through other comprehensive income (FVOCI). Financial liabilities, on the other hand, are classified at either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of financial instrument largely depends on the Company's business model and its contractual cash flow characteristics.

As at March 31, 2024, the Company does not have financial assets and liabilities at FVPL and financial assets and liabilities at FVOCI.

Financial Assets at Amortized Cost. Financial assets 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at March 31, 2024, the Company's cash, accounts and other receivables, due from related parties and rental deposit are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual agreement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit and loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed of. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit and loss.

Impairment

The Company records an allowance for ECL based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For the Company's financial assets at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Classification of Financial Instruments between Liability and Equity

A financial instrument is classified as liability if it provides a contractual obligation to:

- Deliver cash or another financial asset to another entity.
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derecognition

Financial Assets. A financial asset is derecognized when:

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

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to pay.

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in the separate statement of comprehensive income.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is no intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV). This account also included land held for future development.

Cost includes acquisition cost plus any other attributable costs of developing the asset to its saleable condition and cost of improving the properties up to the reporting date. Nonrefundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

NRV is the estimated selling price in the ordinary course of business, based on market prices at the reporting date, less estimated cost to complete and sell.

When real estate inventories are sold, the carrying amount of those real estate inventories is recognized to profit and loss in the year when the related revenue is recognized.

Creditable Withholding Taxes (CWTs)

CWTs are deducted from income tax payable in the same year the revenue was recognized and are carried forward to the succeeding year when in excess of income tax payable. CWTs are stated at face amount less any impairment in value.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and impairment losses, if any.

The initial cost of property and equipment consists of the purchase price, including import duties and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts of such property and equipment when the recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally charged to operations in the year the costs are incurred. In situations where the expenditures increase the future economic benefits from its use beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

Depreciation is calculated on a straight-line basis over the remaining estimated useful life of five (5) years.

Fully depreciated assets are retained in the account until they are no longer in use and no further change for depreciation is made in respect for those assets.

Other Assets

Other assets include input value-added tax (VAT), advances to contractors and suppliers, advances to officers and employees, prepayments and deposits. Other assets that are expected to be realized over no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Interests in Joint Operations

A joint arrangement is an arrangement whereby the parties are bound by a contractual arrangement and such contractual arrangement gives two or more of those parties joint control of the arrangement. A joint arrangement is either a joint operation or a joint venture.

A joint arrangement is either a joint operation or joint venture. A joint operation involves the use of assets and other resources of the Company and other venturers rather than the establishment of a corporation, partnership or other entity. The Company accounts for the assets it controls, and the liabilities and expenses it incurs, and the share of the income that it earns from the sale of goods, properties, services by the joint operation. The assets contributed by the Company to the joint operation are measured at the lower of cost or NRV.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received, in excess of fair value, if any, are recognized as additional paid-in capital.

Other Reserve pertains to the difference of the fair value and the nominal value of the advances from a preference stockholder as a result of initial adoption of PFRS in 2005.

Deficit represents the cumulative balance of net losses.

Other Comprehensive Loss comprises of income and expenses that are not recognized in profit and loss for the year in accordance with PFRS. It includes remeasurement loss on retirement liability, net of deferred tax.

Basic Earnings/Loss Per Share (EPS)

Basic EPS is calculated by dividing the net income for the year attributable to equity holders by the weighted average number of issued and outstanding subscribed common shares during the period, with retroactive adjustment for any stock dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it can be reliably measured and it is probable that economic benefits will flow to the company.

Revenue from Real Estate Sales is recognized when the sale is completed and the significant risks and rewards of ownership have been transferred to the buyer. Cancellations during the year relating to prior years' sales are deducted from current year's sale.

Pending recognition of sale, cash received from buyers is presented as part of Customers and Tenants Deposit account in the statement of financial position.

Interest Income is recognized as the interests accrue, considering the effective yield on the asset.

Other Income is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen that can be measured reliably.

Cost of Real Estate Sold is determined on the basis of the acquisition cost of the land plus its full development costs, which includes estimated costs for future development works as determined by the in-house technical staff.

For income tax purposes, full recognition of revenue from real estate sales is applied when 25% of the sales price has been collected in the year of sale. Otherwise, the installment method is applied.

Cost of sales and services is recognized as expensed when incurred.

Operating Expenses constitute cost of administering the business and cost of selling and marketing real estate inventories. It includes commissions, marketing and selling expenses and other operating expenses.

Borrowing costs are recognized as expenses in the period in which they are incurred. Those that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when all such activities are substantially complete.

Employee Benefits

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under the short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expressed as the related service is provided.

Retirement benefits. The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes current service costs and interest expense in profit or loss. Interest expense is calculated by applying the discount rate to the retirement liability at the beginning of the year, taking into account any changes resulting from benefit payments.

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

The retirement benefits liability is the aggregate of the present value of the retirement liability on which the obligations are to be settled directly. The present value of the retirement benefits liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement benefits liability.

Actuarial valuations are made so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or subsequently enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or has a significant influence in making financial and operating decisions over the other party.

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

Provisions

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

Contingencies

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

Events after the Reporting Period

Any post year-end event that provides additional information about the company's consolidated financial position at the end of reporting period (adjusting event) is reflected in the consolidated financial statements when material. Post-year-end events that are not adjusting events, if any are disclosed when material to the consolidated financial statements.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's separate financial statements requires management to make judgments and estimates that affect the amounts reported in the separate financial statements. The judgments and estimates used in the separate financial statements are based on management evaluation of relevant facts and circumstances as at reporting date.

The estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

In assessing whether the ongoing concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the reporting date. The Company continues to use the going concern basis of accounting.

Recognition of Revenue and Cost of Real Estate Sold

Existence of a Contract. The Company's primary document for a contract with a customer is a signed contract to sell, which contains all the criteria to qualify as contract with a customer under PFRS 15. Part of the assessment process of the Company before revenue is recognized is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the contract price.

Collectibility is also assessed by considering factors such as past customer history, age of receivables and contract assets and pricing of property. Management regularly evaluates the historical cancellations if it would still support its current threshold of customers' equity before commencing revenue recognition.

Identifying Performance Obligation. The Company had concluded that there is one performance obligation in each of the contracts to sell because the Company had the obligation to deliver the unit duly constructed in a specific lot and fully integrated into the land in accordance with the approved plan. Included also in the performance obligation are the Company's services related to the transfer of the title of the unit of the customer.

Revenue and Cost Recognition. The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate sales is recognized based on percentage of completion, measured principally on the basis of the estimated completion of a physical proportion of the contract work, in March 2024 and March 2023.

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends;
- Significant changes or planned changes in the use of assets.

Whenever the carrying cost exceeds its recoverable amount, an impairment loss is recognized.

Determining Net Realizable Value of Real Estate Inventories. The cost of real estate inventories is adjusted to NRV based on assessment of the recoverability of the real estate inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date.

Estimating Provisions and Evaluating Contingencies. The estimate of the probable costs for the resolution of possible claims had been developed in consultation with the outside legal counsel handling these matters and is based upon an analysis of potential results. The Company is a party to certain claims arising from the ordinary course of business. However the Company's management and legal counsel believe that the eventual liabilities under these claims, if any, will not have a material effect on the separate financial statements.

5. Cash

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Cash on hand	723	597
Cash in banks	50,555	15,358
	51,278	15,955

Cash in banks earn interest at the prevailing bank deposit rates and is immediately available for use in the current obligations.

6. Accounts and Other Receivables - net

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Installment contracts receivable	494,667	401,213
Others	17,276	13,561
	511,943	414,774
Allowance for doubtful accounts	(33,786)	(34,109)
	478,157	380,665

Installment contracts receivable pertain to sales of condominium units, subdivided land, raw land, property under development and parking lot. These are generally collectible in monthly installments over a period of one to three years.

7. Real Estate Inventories - net

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Condominium and residential units	31,609	33,582
Subdivided lands	382,600	399,928
Rawland	215,837	215,837
	630,046	649,348
Allowance for Impairment	(166,278)	(166,278)
	463,768	483,070

Condominium and Residential Units

Studio A (Formerly Asiana Project)

The company entered into a joint development agreement with Filinvest Land Inc. for its land in Loyola Heights, Quezon City on December 29, 2011. The project was completed in 2017 with a total cost of Php86.9 million.

Metropolitan Tower Project

Located in Guadalupe Viejo, Makati City, the company spent Php541.1 million to purchase and develop this parcel of land with an area of 2,267 sq.m. Construction of the project was suspended due to liquidity issues in completing the project.

The Company and Metroclub entered into a Memorandum of Agreement in 2019 to terminate the JVA. Metroclub agreed to transfer and convey the title to the designated transferee of the Company. The Company will pay the unit buyers and its contractors, service providers, suppliers, professionals and consultants engaged in relation to the project to be taken from the proceeds of the consideration received from the designated transferee.

Subdivided Land

Mango Grove Project

PPI and C-Belle Property Development (C-Belle) entered into a joint venture agreement wherein PPI contributed its land in Sto. Tomas, Batangas and C-Belle developed the land into a residential subdivision. The cost of the contributed land is Php97.1 million

The project was partially completed and the net saleable area is allocated to PPI and C-Belle in the ratio of 28% and 72%, respectively.

Plantacion Del Sol-Ibiza II

A joint venture agreement with Holiday Homes, Inc. (HHI), PPI contributed its land with an aggregate area of 26,151 square meters and HHI developed the land into residential subdivision. Total cost of the land amounted to Php2.2 million.

Hacienda Del Sol

This is another joint venture agreement with HHI. Land with an aggregate area of 193,776 square meters was contributed by PPI and developed into residential subdivision by HHI. Total cost of the land amounted to Php77.9 million.

Rawland

PPI has other properties located in various areas in Batangas and Laguna.

8. Property and Equipment - Net

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Office furniture, fixtures and equipment	1,951	1,803
Transportation equipment	495	495
	2,446	2,298
Accumulated depreciation	(1,808)	(1,544)
	638	754

Management assessed that there is no indications of impairment that had existed on its equipment.

9. Other Assets

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Creditable withholding tax	103,869	147,149
Input VAT	13,210	6,754
Cash held in escrow	33,301	33,270
Advances to officers and employees	7,453	7,811
Investment in securities	11,600	11,600
Advances to contractors and suppliers	1,633	14,034
Others	34,848	8,693
	205,914	229,311
Allowance for probable losses	(18,162)	(18,162)
Allowance for impairment losses - investment securities	(11,600)	(11,600)
	(29,762)	(29,762)
	176,152	199,549

Advances to officers and employees are unsecured, non-interest bearing and are generally liquidated within one year.

Advances to contractors and suppliers pertain to advance payments made for services related to on-going projects of the Company.

Others include rental and water meter deposit. Rental deposit pertains to payments made to a lessor refundable upon termination of the lease. Water meter deposits pertain to the Company's payment to various real estate development projects.

10. Accounts and Other Payables

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Accounts payable	34,824	37,108
Accrued expenses		
Interest	331,052	332,623
Others	53,131	36,161
Refunds payable	43,799	46,613
Payable for land purchase	15,510	16,410
Titling fees payable	208,089	223,001
Statutory payable	11,069	1,775
Others	23,032	895
	720,506	694,586

Accounts payable pertains to obligation to contractors, suppliers and service providers which are non-interest bearing and are normally settled within one year and claims by customers for refund of deposit on cancelled contracts which are non-interest bearing and due and demandable.

Refunds payable pertain to claims for refund of customers' deposits from cancelled contracts.

Retention payable pertains to portion of construction contract payable upon completion of related project.

11. Loans Payable

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
United Coconut Planters Life Assurance Corporation (Cocolife)	0	8,070
	0	8,070

The loan was fully paid in 2023.

12. Contract Liabilities and Tenants' Deposit

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Contract liabilities	71,316	49,481
Tenants' deposit	0	0
	71,316	49,481

Contract liabilities consist of reservation fees and installment collections paid to the Company by prospective buyers.

Tenants' deposits pertain to payments received from previous lessee for the rental of a property in which the agreement had been terminated. This is refundable upon demand.

13. Retirement Benefits Liability

The company has an unfunded and non-contributory defined benefit retirement plan covering substantially all of its regular employees. Under R.A. No. 7641, the Company is legally obliged to provide minimum retirement pay for qualified employees upon retirement.

14. Related Party Transactions

The company grants and receives advances to and from its subsidiaries and entities under common control for working capital requirements and capital expenditures.

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Due from related parties:		
Subsidiaries:		
OMP	303,054	295,939
FSRRC	9,299	9,141
FTRC	4,439	4,439
RRMC	4,590	4,590
PPMI	775	775
Others under common control	19,496	20,774
Allowance for impairment	(323,410)	(323,410)
	18,243	12,248
Due to related parties:		
Stockholders with significant influence	108,901	112,086
Entities under common control:		
RFM	107,875	107,875
RFM Equities, Inc.	31,207	31,207
Rizal Lighterage Corporation	48,556	48,556
Swift Foods, Inc. - Meat	6,344	6,344
Others	90,667	104,999
	393,550	411,067

15. Capital Stock

Amount in Thousands	Number of Shares	
	March 2024 Unaudited	March 2023 Unaudited
Capital stock - P1 par value		
Authorized:		
Common shares	780,150	780,150
Preferred shares:		
Class A	1,000	1,000
Class B	218,350	218,350
Issued:		
Common shares	218,350	218,350
Preferred shares -Class B	218,350	218,350
Total number of shares	436,700	436,700

Class A preferred shares are nonvoting and redeemable at the full price in which these were issued on the fifth year from date of issue. Class B preferred shares are nonvoting and redeemable at the discretion of the company's BOD at P3.50 a share but not less than its par value. Class B preferred shares can only be subscribed by the stockholders owning common shares in the same proportion as their holdings in common stock.

16. General and Administrative Expenses

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Sales commission	2,845	6,072
Personnel costs	5,726	3,487
Taxes and licenses	1,750	2,155
Professional fees	1,148	1,754
Transportation and travel	591	528
Representation	224	249
Outside services	604	370
Utilities	231	143
Rental	139	132
Repairs and maintenance	376	454
Office supplies	93	61
Depreciation	76	56
Others	1,162	1,683
	14,965	17,144

17. Other Expense (Income)

Amount in Thousands		
	March 2024 Unaudited	March 2023 Unaudited
Miscellaneous expense (income)	0	0
Interest expense (income)	0	0
Other expense (income)	522	600
	522	600

PHILTOWN PROPERTIES, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

Amount in Thousands

	March 2024 Unaudited	March 2023 Unaudited	Change
ASSETS			
Current Assets			
Cash	51,278	15,955	35,323
Accounts and other receivables - net	478,157	380,665	97,492
Real estate inventories - net	463,768	483,070	(19,302)
Due from related parties	18,243	12,248	5,995
Prepayments and other assets	176,152	199,549	(23,397)
	1,187,598	1,091,487	96,111
Non-current Asset			
Property and equipment - net	638	754	(116)
TOTAL ASSETS	1,188,236	1,092,241	95,995
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts and other payables	720,506	694,586	25,920
Contract liabilities and tenant's deposit	71,316	48,481	21,835
Due to related parties	393,550	411,067	(17,517)
Loans payable	0	8,070	(8,070)
	1,185,372	1,163,204	22,168
Non-current Liabilities			
Retirement benefits liability	3,416	1,572	1,844
Contingencies	26,752	26,752	0
	30,168	28,324	1,844
TOTAL LIABILITIES	1,215,540	1,191,528	24,012
STOCKHOLDERS' EQUITY			
Capital stock	436,700	436,700	0
Additional paid-in capital	1,089,000	1,089,000	0
Deficit	(1,553,004)	(1,624,987)	71,983
TOTAL STOCKHOLDERS' EQUITY	(27,304)	(99,287)	71,983
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1,188,236	1,092,241	95,995

PHILTOWN PROPERTIES, INC.
SEPARATE STATEMENTS OF INCOME
Amount in Thousands, Except Earnings Per Share Figures

	January to March 2024 Unaudited	January to March 2023 Unaudited	Change
REVENUES	47,437	84,531	(37,094)
DIRECT COSTS	(20,493)	(50,973)	30,480
GROSS PROFIT	26,944	33,558	(6,614)
OTHER INCOME (EXPENSE)	(522)	(600)	78
	26,422	32,958	(6,536)
OPERATING EXPENSES	(14,965)	(17,144)	2,179
PROFIT (LOSS) BEFORE TAX	11,457	15,814	(4,357)
INCOME TAX	2864	3,953	(1,089)
PROFIT (LOSS)	8,593	11,861	(3,268)
BASIC EARNINGS PER SHARE	0.052	0.072	(0.020)

PHILTOWN PROPERTIES, INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
Amount in Thousands

	Period Ended March 31	
	2024	2023
CAPITAL STOCK		
COMMON STOCK - P1 par value		
Authorized - 780,150,005 shares		
Issued and outstanding - 218,350,005 shares	218,350	218,350
PREFERRED STOCK - P1 par value		
Authorized:		
Class A - 1,000,000 shares		
Class B - 218,349,995 shares		
Issued and outstanding - 218,349,995 shares		
Class B Shares	218,350	218,350
Balance at beginning and end of year	436,700	436,700
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning and end of year	1,089,000	1,089,000
DEFICIT		
Balance at beginning of year	(1,561,597)	(1,636,848)
Net Income (Loss)	8,593	11,861
Balance at end of the period	(1,553,004)	(1,624,987)
	(27,304)	(99,287)

PHILTOWN PROPERTIES, INC.

SEPARATE STATEMENTS OF CASH FLOWS

Amount in Thousands

	March 2024 Unaudited	March 2023 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	8,593	11,861
Adjustments for:		
Interest expense	0	0
Depreciation	76	56
Interest income	0	0
Decrease (increase) in:		
Accounts and other receivables	106,948	4,950
Real estate inventories	(15,729)	(11,933)
Other assets	(16,514)	61
Increase (decrease) in:		
Accounts and other payables	348	(11,874)
Contract liabilities and tenant's deposit	(41,090)	(9,235)
Net cash generated from operations	42,632	(16,114)
Interest received	0	0
Net cash flows from operating activities	42,632	(16,114)
CASH FLOWS FROM INVESTING ACTIVITIES		
Collections of due from related parties	(45)	12,308
Advances to related parties	0	0
Acquisitions of property and equipment	(80)	(230)
Net cash flows from investing activities	(125)	12,078
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Due to related parties	0	4
Loans payable	0	(22,334)
Interest	0	0
Advances from related parties	(1,501)	0
Net cash flows from financing activities	(1,501)	(22,330)
NET INCREASE (DECREASE) IN CASH	41,006	(26,366)
CASH AT BEGINNING OF PERIOD	10,272	42,321
CASH AT END OF PERIOD	51,278	15,955

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	A	
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COMPANY INFORMATION

Company's Email Address

philtownpropertiesin2021@gmail.com

Company's Telephone Number/s

8800-6694

Mobile Number

N/A

No. of Stockholders

4,030

Annual Meeting
Month/Day

Last Wednesday of June

Fiscal Year
Month/Day

31-Dec

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Ernest Fritz Server

Email Address

eserver@nimbus.com.ph

Telephone Number/s

85117607

Mobile Number

N/A

Contact Person's Address

3F BJS BUILDING, BJS COMPOUND, 1869 P. DOMINGO ST., MAKATI CITY

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

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



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Management of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES** (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, in accordance with the Philippine Financial Reporting Standards (PFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

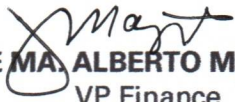
In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate the Group or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

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

The Board of Directors reviews and approves the consolidated 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 consolidated financial statements of the Group 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.


ALFREDO PARUNGAO
Chairman of the Board


JOSE MA. ALBERTO MANINGAT
VP Finance


ERNEST FRITZ SERVER
President/Director

Signed this 3rd day of April, 2024


APR 18 2024

SUBSCRIBED AND SWORN to before me this ___ day of _____ affiants exhibiting to me their respective Tax Identification Numbers (TINs) (TINs), as follows:

Name
ALFREDO PARUNGAO
ERNEST FRITZ SERVER
JOSE MA. ALBERTO MANINGAT

TIN No.
132-197-846
115-593-099
164-368-124

Doc. No. 112;
Page No. 23;
Book No. 407;
Series of 2024


DAISY R. ROLDAN
Notary Public
Until December 31, 2024
PTR No. 18456032 - Makati
IBP No. 248855-Roll No. 25068



INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Stockholders
PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
3rd Floor, BJS Building, BJS Compound
1869 P. Domingo Street, Makati

Opinion

We have audited the consolidated financial statements of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES** ("the Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three (3) years in the period ended December 31, 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three (3) years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs) as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 3 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated 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 audits of the consolidated financial statements in Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial statements, which indicates that the Company has deficits of ₱1,663,610,355 and ₱1,766,709,312 as of December 31, 2023 and 2022, respectively, resulting to capital deficiencies of ₱139,438,400 and ₱242,448,977 as of December 31, 2023 and 2022, respectively. These conditions indicate the existence of uncertainties, which may affect the Company's ability to continue as a going concern. In 2022, Management decided to submit to the Court petition for corporate rehabilitation. Management believes that this course of action will have positive impact to the business as a whole.

We performed audit procedures to evaluate Management's plans for such future actions as to likelihood to improve the situation and as to feasibility under the circumstances.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300

Valid until May 28, 2024

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



PERCIVAL R. DE GUZMAN

Partner

CPA Certificate No. 92437

BSP Group C Accredited

Accreditation No. 92437-BSP

Valid until 2025 audit period

BIR Accreditation No. 08-007679-004-2023

Valid from October 20, 2023 until October 19, 2026

Tax Identification No. 195-808-180

PTR No. 10081199

Issued on January 9, 2024 at Makati City

April 3, 2024

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

(In Philippine Peso)

	NOTES	2023	2022 (As Restated)
A S S E T S			
Current Assets			
Cash	6	11,859,951	51,990,412
Contracts and other receivables – net	7	605,054,962	418,860,261
Real estate inventories – net	8	471,073,085	477,900,775
Due from related parties – net	16	9,725,501	11,226,747
Prepayments and other current assets – net	9	266,669,679	262,475,867
		1,364,383,178	1,222,454,062
Non-current Assets			
Property and equipment – net	10	633,459	579,424
Investment properties	11	20,479,596	20,479,596
		21,113,055	21,059,020
TOTAL ASSETS		1,385,496,233	1,243,513,082
LIABILITIES AND STOCKHOLDERS' EQUITY			
L I A B I L I T I E S			
Current Liabilities			
Trade and other payables	13	952,307,939	942,631,229
Contract liabilities and tenants' deposit	15	143,879,658	88,514,208
Due to related parties	16	398,579,035	394,976,560
Loans payable	14	-	30,403,323
		1,494,766,632	1,456,525,320
Non-current Liabilities			
Retirement benefits obligation	24	3,416,105	2,684,843
Project development commitment	17	26,751,896	26,751,896
		30,168,001	29,436,739
TOTAL LIABILITIES		1,524,934,633	1,485,962,059
S T O C K H O L D E R S ' E Q U I T Y			
Capital Stock	18	436,700,000	436,700,000
Additional Paid-In Capital	18	1,089,000,000	1,089,000,000
Deficits		(1,663,610,355)	(1,766,709,312)
Remeasurements	24	(1,528,045)	(1,439,665)
TOTAL STOCKHOLDERS' EQUITY		(139,438,400)	(242,448,977)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		1,385,496,233	1,243,513,082

(See Notes to Consolidated Financial Statements)

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Years Ended December 31, 2023, 2022 and 2021

(In Philippine Peso)

	NOTES	2023	2022 (As Restated)	2021
REVENUES	19	446,240,172	438,285,248	338,360,725
DIRECT COSTS	20	241,387,304	239,383,159	237,927,250
GROSS PROFIT		204,852,868	198,902,089	100,433,475
OTHER INCOME	21	679,132	489,490	3,521,156
		205,532,000	199,391,579	103,954,631
OPERATING EXPENSES	22	77,910,530	84,375,289	68,938,278
OTHER EXPENSES	23	-	-	110,964,017
PROFIT (LOSS) BEFORE TAX		127,621,470	115,016,290	(75,947,664)
INCOME TAX	26	24,522,513	7,433,869	7,930,270
PROFIT (LOSS)		103,098,957	107,582,421	(83,877,934)
OTHER COMPREHENSIVE INCOME (LOSS)				
ITEM THAT WILL NOT BE CLASSIFIED				
SUBSEQUENTLY TO PROFIT OR LOSS				
Remeasurements	24	(88,380)	(496,013)	85,592
TOTAL COMPREHENSIVE INCOME (LOSS)		103,010,577	107,086,408	(83,792,342)
EARNINGS (LOSS) PER SHARE				
Basic Earnings (Loss) per Share	28	0.47	0.49	(0.38)

(See Notes to Consolidated Financial Statements)

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2023, 2022 and 2021

(In Philippine Peso)

	Notes	Capital Stock	Additional Paid-in Capital	Deficits	Remeasurements	Total
Balance at January 1, 2021		436,700,000	1,089,000,000	(1,790,413,799)	(1,029,244)	(265,743,043)
Loss				(83,877,934)		(83,877,934)
Other comprehensive gain	24				85,592	85,592
Balance at December 31, 2021	18,24	436,700,000	1,089,000,000	(1,874,291,733)	(943,652)	(349,535,385)
Profit, as restated	33			107,582,421		107,582,421
Other comprehensive loss	24				(496,013)	(496,013)
Balance at December 31, 2022	18,24,33	436,700,000	1,089,000,000	(1,766,709,312)	(1,439,665)	(242,448,977)
Profit	33			103,098,957		103,098,957
Other comprehensive loss	24				(88,380)	(88,380)
Balance at December 31, 2023	18,24,33	436,700,000	1,089,000,000	(1,663,610,355)	(1,528,045)	(139,438,400)

(See Notes to Consolidated Financial Statements)

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023, 2022 and 2021

(In Philippine Peso)

	NOTES	2023	2022 (Restated)	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (Loss) before tax		127,621,470	115,016,290	(75,947,664)
Adjustments for:				
Retirement benefits	24	642,882	554,502	514,285
Depreciation	10,22	244,362	134,274	98,014
Provision for decline in value	8,23	-	-	99,745,850
Provision for expected credit losses	16,23	-	-	9,861,417
Provision for probable losses	9,23	-	-	1,356,750
Reversal of allowance for expected credit losses	7,21	-	-	(3,028,314)
Gain on disposal of equipment	10,21	-	(140,000)	-
Finance income from banks	6,21	(6,501)	(13,270)	(39,808)
Operating cash flows before changes in working capital		128,502,213	115,551,796	32,560,530
Decrease (Increase) in operating assets:				
Contracts and other receivables		(186,194,701)	(144,586,814)	31,577,118
Real estate inventories		6,827,690	30,426,167	60,743
Prepayments and other current assets		(28,716,325)	(60,824,005)	520,996
Increase (Decrease) in operating liabilities:				
Trade and other payables		11,246,991	32,854,154	12,782,512
Contract liabilities and tenants' deposit		55,365,450	30,963,069	(9,821,285)
Cash generated from (used in) operations		(12,968,682)	4,384,367	67,680,614
Retirement benefits paid	24	-	(1,952,556)	(198,800)
Net cash from (used in) operating activities		(12,968,682)	2,431,811	67,481,814
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances collected from related parties	16	4,108,691	-	8,143,466
Finance income received from banks	6,21	6,501	13,270	39,808
Proceeds from sale of equipment	10,21	-	140,000	-
Additions to property and equipment	10	(298,397)	(357,769)	(172,096)
Advances given to related parties	16	(2,607,445)	(2,290,864)	-
Net cash from (used in) investing activities		1,209,350	(2,495,363)	8,011,178
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances received from related parties	16	20,450,561	15,299,492	96,543,254
Finance costs paid	14,16	(1,570,281)	-	(34,402,331)
Advances paid to related parties	16	(16,848,086)	-	(45,324,312)
Payments of loan	14	(30,403,323)	(30,362,094)	(44,373,733)
Net cash used in financing activities		(28,371,129)	(15,062,602)	(27,557,122)
NET INCREASE (DECREASE) IN CASH		(40,130,461)	(15,126,154)	47,935,870
CASH AT BEGINNING OF YEAR		51,990,412	67,116,566	19,180,696
CASH AT END OF YEAR		11,859,951	51,990,412	67,116,566

(See Notes to Consolidated Financial Statements)

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 and for each of the
Three Years in the Period Ended December 31, 2023

1. CORPORATE INFORMATION AND STATUS OF OPERATIONS

Philtown Properties, Inc. (the "Parent Company") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 12, 1995. The Parent Company's primary purpose is to acquire by purchase, lease or any other lawful transactions or means, real estate, other properties, as well as interest or rights in such real estate and properties, for investment, development, improvement, subdivision, sale, lease or other disposition, and to plan, construct, operate, maintain, equip, furnish, administer, sell, lease or otherwise, dispose of industrial, commercial, residential hotel and any other buildings, facilities, establishments and projects of every kind, nature and description, and complexes, communities, and other combinations of such buildings, facilities, establishments and projects, whether as principal agent or broker or in any other capacity, to acquire, by any lawful transactions or means, enterprises and businesses organized for the same related purposes, or engaged or about to engage in business activities necessary, convenient or incidental to the purpose of the corporation, or situated at any of the real properties in which the corporation has an interest, to acquire, by any lawful transactions or means, enterprises and businesses organized for the same related purposes, or engaged transactions or means, enterprises and businesses organized for the same related purposes, or engaged or about to engaged in business activities necessary, convenient or incidental to the purpose of the corporation, or situated at any of the real properties in which the corporation has an interest, to acquire any interest in such businesses and enterprises, or other assets, including goodwill, thereof, as well as to hold, operate, manage, use, sell and otherwise dispose of the whole or part of such businesses, enterprises, interests and assets, and to do any and everything necessary or proper, to the extent permitted by law, with the above described real estate, other real properties, rights and interests, buildings, facilities, establishments and projects, and the above described businesses, enterprises, and any interests in any assets of such businesses, enterprises, and any interests in any assets of such businesses and enterprises.

The Parent Company is 97.43% owned by domestic corporations and 2.57% by Filipino individuals.

The Group has deficits of ₱1,663,610,355 and ₱1,766,709,312 as of December 31, 2023 and 2022, respectively, resulting to capital deficiencies of ₱139,438,400 and ₱242,448,977 as of December 31, 2023 and 2022, respectively. These conditions indicate the existence of uncertainties, which may affect the Parent's Company ability to continue as a going concern. The Management decided to submit to the Court petition for corporate rehabilitation to set up a business environment that will allow the Company to adapt to its current state of affairs and eventually rise from its present financial condition. In 2022, the Management submitted to the Court petition for corporate rehabilitation which aims:

- a. To put the respective businesses of the Parent Company in "custodia legis" in order to protect the interests of, not just the Parent Company but all the participants in the rehabilitation;

- b. To establish a planned, systematic settlement of the Parent Company's obligations following a specific plan and schedule considering all other factors that have effect on the Parent Company's rehabilitation, such as:
- Continuation of existing contracts;
 - Extinguishment of liabilities to trade creditors and suppliers that are already beyond the 10-year prescriptive period;
 - Waiver of taxes already due to the national and local governments at the time of the issuance of the Commencement Order as provided by the FRIA and supported by BIR Ruling;
 - Resolution of specific claims for payment being contested by the Parent Company;
 - Fulfillment of remaining project development commitments; and
 - Condonation of creditors related to the Parent Company of interest after a specified cut-off date.
- c. To carry on the going concern attributes of the respective business of the Parent Company; and
- d. To set up a business environment that will allow the Parent Company to adapt to its current state of affairs and eventually rise from its present financial condition.

During the year, Pursuant to Section 16 (q) of Republic Act No. 10142, in relation to Section 8 (V), Rule of 2 A.M No 12-12-11 SC, and by authority of Court, a "Stay or Suspension Order" is issued ordering the following:

1. Suspension of all actions or proceedings, in court or otherwise, for the enforcement of all claims against the Company retroactive to the filing of the petition on April 1, 2022.
2. Suspension of all actions to enforce any judgment, attachment or other provisional remedies against the Company retroactive to the filing of petition.
3. Prohibition of the Company from selling, encumbering, transferring or disposing in any manner any of its properties except in ordinary course of business.
4. Prohibiting the Company from making any payment of its liabilities outstanding as of the commencement date, except as may be provided herein.

The court's issuance of Commencement Order shall retroact to the filing of the present Petition on April 1, 2022, and addition to the effects of the Stay or Suspension Order, shall:

1. Vest the rehabilitation receiver with all the powers and functions provided for under the Act, such as the right of access, and the right to review and obtain records to which the debtors management and directors have access, including bank accounts of whatever nature of the Company, subject to the approval of the Court of the performance bond posted by the rehabilitation receiver;

2. Prohibit or otherwise serve as the legal basis for rendering null and void the results of any extrajudicial activity or process to seize property, sell encumbered property, or otherwise attempt to collect on or enforce a claim against the Company after the commencement of date unless otherwise allowed under the Rules, subject to provisions of Section 49 of the same Rules;
3. Serve as legal basis for rendering null and void the commencement date of any debt owed to the debtor by any creditors;
4. Serve as legal basis for rendering null and void the perfection of any lien against the Company's property after the commencement date;
5. Consolidate all legal proceedings by and against the Company to the Court, provided, however that the Court may allow the continuation of cases in other courts where the said debtors had initiated the suit; and
6. Exempt Company from liability for taxes and fees, including penalties, interests and charges thereof due to the national government or the LGU as provided in Section 19 of the Act.

After the Petition was approved by the Court on March 10, 2023, the Company made some significant developments during the year. These are the following:

1. Continuous consultation of the Company and its creditors.
2. Reorganization of board of directors and executive committees.
3. Creation of audit committee; Compliance and Updating of Submissions to SEC.
4. Submission of revised rehabilitation plan to the creditors for examination and confirmation.

Name of Subsidiaries	Principal Activity	Place of Incorporation and Operation
Philtown Utilities Corporation (PUC)	<i>Utility Distribution</i>	Makati City
First San Rafael Realty Corporation (FSRRC)	<i>Real Estate</i>	Makati City
One McKinley Place, Inc. (OMPI)	<i>Real Estate</i>	Makati City
First Tanauan Realty Corporation (FTRC)	<i>Real Estate</i>	Makati City
RFM Realty Marketing Corporation (RRMC)	<i>Real Estate</i>	Makati City
Metropolitan Tower Corporation (MTC)	<i>Real Estate</i>	Makati City
Philtown Property Management Inc. (PPMI)	<i>Property Management</i>	Makati City

As of December 31, 2023 and 2022, all of the subsidiaries except FSRRC and OMPI, have ceased operations.

The Parent Company's registered office address is located at 3rd floor, BJS Building, BJS Compound, 1869 P. Domingo Street, Makati.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Philippine Financial and Sustainability Reporting Standards Council (FSRSC) approved the issuance of new and revised Philippine Financial Reporting Standards (PFRS). The term “PFRS” in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) 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 Group. 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 Applied with No Material Effect on the Consolidated Financial Statements

The following new and revised PFRSs have been adopted in these consolidated 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 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 recognized as income or expense in the current period. The effect, if any, on future periods is recognized 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.

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

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.

- Amendments 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.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, and disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

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

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 Group 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, 2024, with early application permitted.

- Amendments to PAS 7 and PFRS 7, *Supplier Finance Arrangements*

The amendments introduce new disclosure requirements to enhance the transparency and, thus, the usefulness of the information provided by entities about supplier finance arrangements.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

- Amendments to PAS 1, *Non-current Liabilities with Covenants*

The amendments clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. Additional disclosures are required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period.

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application permitted.

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

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

The amendments are effective to annual reporting periods beginning on or after January 1, 2024, with early application 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 effective 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 CONSOLIDATED FINANCIAL STATEMENTS

3.01 Statement of Compliance

The consolidated financial statements have been prepared on a historical basis, except for certain financial instruments that are carried at amortized cost, and real estate inventories carried at lower of cost or net realizable value.

The consolidated financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic:

- *Deferral of the provisions of Philippine Interpretations Committee (PIC) Q&A 2018-12, PFRS 15, Revenue from Contracts with Customers affecting the real estate industry*
 - a. Exclusion of land in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E.
 - b. Accounting for significant financing component discussed in PIC Q&A No 2018-12-D.
 - c. Accounting to Common Usage Service Area (CUSA) Charges discussed in PIC Q&A 2018-12-H.
 - d. Adoption of PIC Q&A No. 2018-14: PFRS 15, *Accounting for cancellation of Real Estate*.

The above relief shall be valid until 2023 only.

3.02 Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the Philippine Peso (₱), the currency of the primary economic environment in which the Group operates (the “functional currency”).

The Group chose to present its consolidated financial statements using its functional currency.

3.03 Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries.

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (its subsidiaries) up to December 31 of each year. Control is achieved when the Parent Company has exposure or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over an investee. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

Subsidiaries are consolidated from the date when control is transferred to the Parent Company and ceases to be consolidated from the date when control is transferred out of the Parent Company.

At acquisition, the assets and liabilities and the contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the assets acquired is recognized as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e., discount on acquisition) is credited to the profit and loss in the period of acquisition.

Goodwill is initially measured at cost, being the excess of the aggregate of fair value of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Inter-group balances and transactions, including inter-group profits and unrealized profits and losses, are eliminated. When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group. All inter-group transactions, balances, income and expenses are eliminated during consolidation.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the Group's equity attributable to equity holders of the Parent Company.

Upon the loss of control, the Group derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position. The Group recognizes any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. The Group recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

3.04 Current and Non-current Presentation

The Group 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 Group classifies all other assets as non-current.

The Group 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 Group classifies all other liabilities as non-current.

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

4. MATERIAL ACCOUNTING POLICIES

Principal accounting and financial reporting policies applied by the Group in the preparation of its consolidated 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 Group 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 Group 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 of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 an entity'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.
- An entity'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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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 Group recognizes a financial asset in its consolidated statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

The Group shall measure a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, the Group shall measure receivables that do not have a significant financing component at their transaction price.

4.02.01 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 Group's financial assets at amortized cost include cash in banks, contracts and other receivables, due from related parties, and deposits presented under 'prepayments and other current assets'.

Cash in Banks

Cash in banks pertains to cash deposits held at call with banks that are subject to 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) Contracts and Other Receivables

Contracts and other receivables are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

c) Due from Related Parties

Due from related parties are recognized initially at the transaction price and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The Group has no financial asset at fair value either through other comprehensive income or through profit or loss in both years.

4.02.03 Effective Interest Method

Finance income 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.

4.02.04 Impairment

The Group 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 Group adopted the following approaches in accounting for impairment.

➤ General Approach

The Group applies general approach to cash in banks, other receivables, due from related parties, and deposits presented under 'prepayments and other current assets'. At each reporting date, the Group 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 Group measures the loss allowance equal to 12-month expected credit losses.

The Group compares the risk of default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition and consider the macro-economic factors such as GDP rate, interest rate, and inflation rate; the status of counterparties' industry; and the available financial information of each counterparty to determine whether there is a significant increase in credit risk or not since initial recognition.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition because the financial instrument is determined to have low credit risk at the reporting date.

The Group did not apply the 30 days past due rebuttable presumption because the Group determines that there have been no significant increases because based on Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

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

If the Group 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 Group shall measure the loss allowance at an amount equal to 12-month expected credit losses at the current reporting date.

The Group 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 Group performs the assessment of significant increases in credit risk on a collective basis by considering information that is indicative of significant increases in credit risk. The Group groups financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The shared credit risk characteristics may include, but are not limited to, the:

- *Instrument type;*
- *Credit risk ratings;*
- *Collateral type;*
- *Date of initial recognition;*
- *Remaining term to maturity;*
- *Industry; and*
- *Geographical location of the borrower*

The value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (for example, non-recourse loans in some jurisdictions or loan-to-value ratios).

The Group 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.
- **Simplified Approach**

The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for contract receivables. The Group 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.

4.02.05 Derecognition

The Group derecognizes a financial asset when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The difference between the carrying amount and the consideration received is recognized in profit or loss.

4.03 Real Estate Inventories

Real estate inventories are stated at the lower of cost or net realizable value. Costs are determined using the specific-identification method. Net realizable value represents the estimated selling price for real estate inventories less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the real estate inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statements of comprehensive income.

The amount of any reversal of any write-down of real estate inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of real estate inventories recognized as an expense in the period in which the reversal occurs.

When real estate inventories are sold, the carrying amount of those real estate inventories is recognized as an expense in the period in which the related revenue is recognized.

When real estate inventories are repossessed, any difference between the recoverable amount and unrecovered cost shall be recognized as gain or loss on repossession in profit or loss. Recoverable amount shall be the fair value less cost to sell of the condominium units at the date of repossession.

4.04 Other Current Assets

4.04.01 Excess Tax Credits

Excess tax credit is recognized when the Group paid income tax more than the actual amount of payable and/or unused creditable withholding tax carried over for the next period. This is classified as asset and measured in the excess of cash paid and income tax incurred. This will be applied to future income tax payable in the next period.

4.04.02 Cash Held on Escrow Account

Cash held on escrow account pertains to part of the proceeds from bank takeout that are required to be deposited in an escrow account until completion of certain documentation and other requirements of the bank. These are initially recorded as asset and is measured at the amount of cash deposited and shall be released upon completion of contractual requirements.

4.05 Interests in Joint Arrangement

A joint arrangement is a contractual arrangement whereby the Group and other parties have agreed sharing of control of an arrangement, which exist only when decisions about relevant activities require the unanimous consent of the parties sharing.

The sharing of control is also known as joint control. A joint arrangement can either be a joint venture or a joint operation.

4.05.01 Joint Operation

A joint operation is a joint arrangement, whereby the Group and other parties that have joint control of the arrangement have rights to the assets and obligation for the liabilities, relating to the arrangement.

The Group's share of jointly controlled assets and any liabilities incurred jointly with other operators are recognized in the consolidated financial statements of the Group and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint operation expenses, are recognized when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Gains and losses from sale or contribution of asset transaction with joint operation wherein the Group is a joint operator is recognized to the extent of the other parties' interest in the joint operation and is limited solely to the transaction. The Group fully recognizes impairment losses when the transaction provides evidence that the asset sold or contributed are impaired in accordance with Note 4.08.

4.06 Business Combination

Business combination is a transaction or event in which an acquirer obtains control of one or more businesses. The Company accounts for each business combination by applying the acquisition method in accordance with PFRS 3.

The Company recognizes goodwill as of the acquisition date as the excess of (a) and over (b) below:

- a) The aggregate of:
 - i. The consideration transferred, which is generally measured at acquisition-date fair value;
 - ii. The amount of any non-controlling interest in the acquiree; and
 - iii. In a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree.
- b) The net of the acquisition-date amounts the identifiable assets acquired and the liabilities assumed.

Common control combination is a business combination wherein the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This means that the same party or parties have the ultimate control over the combining entities or businesses both before and after the business combination.

The Company applied acquisition method accounting for common control business combinations.

4.07 Investment Properties

Investment properties, which are properties held to earn rentals is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and impairment loss.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use.

Investment properties are derecognized by the Group upon its disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

4.08 Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that any of its assets other than real estate inventories, and financial assets within the scope of PFRS 9, *Financial Instruments* may 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 Group 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 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.

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.

4.09 Borrowing Costs

Borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.10 Financial Liabilities

4.10.01 Initial Recognition and Measurement

The Group recognizes a financial liability in its consolidated statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

At initial recognition, the Group measures a financial liability at its fair value minus, transaction costs that are directly attributable to the acquisition or issue of the liability.

4.10.02 Classification

The Group 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.

The Group's financial liability measured at amortized cost pertains to trade and other payables (except due to government agencies), due to related parties, and loans payable.

4.10.03 Derecognition

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

4.11 Contract Liability

The Group's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. This is initially recognized at the amount of cash received. Subsequently, this is reclassified to revenue upon meeting the criteria of revenue recognition in set forth in Note 4.15.

4.12 Equity Instruments

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

Ordinary shares are classified as equity.

4.13 Employee Benefits

4.13.01 Short-term Employee Benefits

The Company recognizes a liability, net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term employee benefits given by the Company to its employees include salaries and wages, SSS, PhilHealth, and HDMF contributions and other employee benefits.

4.13.02 Post-employment Benefits

The Company has an unfunded and noncontributory retirement plan. This benefit defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one (1) or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method (PUCM) which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries. Post-employment expenses include current service cost, past service cost, and net interest on defined benefit asset/liability. Remeasurements which include cumulative actuarial gains and losses, return on plan assets, and changes in the effects of asset ceiling are recognized directly in other comprehensive income and is also presented under equity in the consolidated statements of financial position.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in profit or loss.

The liability recognized in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated by an independent actuary using the PUCM. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities, equity securities and other securities that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

4.14 Provisions and Contingent Liabilities

4.14.01 Provisions

Provisions are recognized when the Group has a present obligation, whether legal or constructive, as a result of a past event, it is probable that the Group 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.

4.14.02 Contingent Liabilities

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

4.15 Revenue Recognition

The Group recognizes revenue when (or as) the Group 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.

The Group derives its revenues from sale of property under pre-completion contracts.

4.15.01 Performance Obligations Satisfied Over Time

The Group transfers control of goods over time and, therefore, satisfies a performance obligation and recognizes revenue over time when the Group's performance creates an asset and the Group has an enforceable right to payment for performance completed to date.

The Group generates revenue from real estate sales. Revenue from the sale of real estate projects under pre-completion stage is recognized over time during the construction period or its percentage of completion, since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses input method. Input methods recognize revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation.

Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the costs accumulated by the accounting department to determine the actual resources used. Input method excludes the effects of any inputs that do not depict the entity's performance of transferring control of goods or services to the customer.

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

Any excess of collections over the recognized revenues is included in the "Contract liabilities and tenant's deposit" account in the consolidated statements of financial position. If any other criteria under the full accrual method is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented as a liability in the consolidated statement of financial position.

For income tax purposes, full recognition is applied when more than 25% of the selling price has been collected in the year of sale. Otherwise, the installment method is applied.

4.15.02 Finance Income

Finance income is recognized when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Finance income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.16 Expense Recognition

Expense encompasses losses as well as those expenses that arise in the course of the ordinary activities of the Group.

The Group recognizes expenses in the consolidated statements of comprehensive income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

4.17 Related Parties and Related Party Transactions

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

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

- The entity and the Group 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 Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- 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).
- 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 Group 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.

4.18 Taxation

Income tax expense represents the sum of current and deferred taxes.

4.18.01 Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.18.02 Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 Carry-over (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. Deferred income tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction that affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences. 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 Group 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 Group intends to settle its current tax assets and liabilities on a net basis.

4.18.03 Current and Deferred Taxes for the Period

Current and deferred taxes are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss, whether in other comprehensive income or directly in equity, in which case the tax is also recognized outside profit or loss.

4.19 Prior Period Errors

The Group corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by: (a) restating the comparative amounts for the prior period presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

4.20 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 JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

In the application of the Group's accounting policies, which are described in Note 4, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

5.01 Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimations that Management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in consolidated financial statements.

5.01.01 Critical Judgment on Revenue Recognition

Revenue recognition on sale of condominium units under pre-completion contract on the basis of Philippine Interpretations Committee Q&A 2016-04, *Application of PFRS 15, "Revenue from Contracts with Customers" on Sale of Residential Properties under Pre-completion Contracts*, the percentage-of-completion (POC) method is used to recognize income from sales of real estate properties when the Group has material obligations under the sales contract to complete the project after the property is sold. The Group starts recognizing revenue under the POC method upon commencement of the Contract to Sell. Contract to Sell shall commence when substantial evidence is obtained to support good credit standing of the buyer. Under this method, revenue on sale is recognized as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work.

If the criteria of POC method is not satisfied, any cash received by the Group is recorded as part of "customers' deposits" account which is included under "contract liabilities and tenants' deposit" in the consolidated statements of financial position until all the conditions for recognizing the sale are met.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of real estate properties sold before completion is determined using the POC used for revenue recognition applied on the acquisition cost of the land plus the total estimated development costs of the property. The cost of inventory recognized in profit or loss on disposal (cost of real estate sales) is determined with reference to the specific and allocated costs incurred on the sold property taking into account the POC.

The Group opted to adopt the relief to the real estate industry by deferring the application of the provisions of the PIC Q&A No. 2018-12 with respect to the accounting for significant financing component, uninstalled materials, benefits given to sales agents and incremental cost of obtaining the contract and the exclusion of land in the calculation of percentage of completion (POC), for a period of three (3) years starting January 1, 2021.

5.01.02 Assessment of Control

The Parent Company determines whether an entity qualifies as a subsidiary when it has control over an entity. The Parent Company controls an entity when it has the three (3) elements of control as disclosed in Note 4.06. In making its judgments, the Parent Company considers all facts and circumstances when assessing control over an investee.

A reassessment of control is conducted when there are changes to one (1) or more of the three elements of control. Any changes from at least one of the elements would result to lose or gain of control over an entity.

The Parent Company, having 100% ownership and voting interest, assessed that it has control over its subsidiaries since it has power over the subsidiaries, exposure or rights to variable returns from its involvement and ability to use its power to affect the component of its returns.

5.01.03 Assessment of Going Concern Issue

When preparing consolidated financial statements, Management makes an assessment of the Group's ability to continue as a going concern. The Group prepares consolidated financial statements on a going concern basis unless Management either intends to liquidate the Group or to cease leasing or has no realistic alternative but to do so. When Management is aware in making its assessment of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Group discloses those uncertainties. In assessing whether the going concern assumption is appropriate, Management takes into account all available information about the future, which is at least, but is not limited to, twelve (12) months from the end of the reporting period. The degree of consideration depends on the facts in each case. Management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate.

The Group has deficits of P1,663,610,355 and P1,766,709,312 as of December 31, 2023 and 2022, respectively, resulting to capital deficiencies of P139,438,400 and P242,448,977 as of December 31, 2023 and 2022, respectively. These conditions indicate the existence of uncertainties, which may affect the Group's ability to continue as a going concern. The Management decided to submit to the Court a petition for corporate rehabilitation to set up a business environment that will allow the Group to adapt to its current state of affairs and eventually rise from its present financial condition, as disclosed in Note 1.

5.01.04 Assessment of Contractual Terms of a Financial Asset

The Group determines whether the contractual terms of a financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In making its judgments, the Group considers whether the cash flows before and after the changes in timing or in the amount of payments represent only payments of principal and interest on the principal amount outstanding.

Management assessed that the contractual terms of its financial assets are solely payments of principal and interest and consistent with the basic lending arrangement. As of December 31, 2023 and 2022, the carrying amounts of the Group's financial assets at amortized cost are P632,118,096 and P487,503,286, respectively, as disclosed in Note 30.02.

5.01.05 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 (i.e., the entity is a principal) or to arrange for the other party to provide those goods or services (i.e., the entity is an agent).

In 2023, 2022 and 2021, the Group assessed that it is acting as a principal and recognized sales commission from principal relationship amounting to P27,453,429, P34,536,756 and P13,023,540, respectively, as disclosed in Note 22.

5.01.06 Assessment of Joint Control

An entity that is a party to an arrangement shall assess whether the contractual arrangement gives all the parties, or a group of the parties, control of the arrangement collectively. All the parties, or a group of the parties, control the arrangement collectively when they must act together to direct the activities that significantly affect the returns of the arrangement (i.e., the relevant activities).

Management assessed that the parties have joint control over the arrangement since both parties promulgate its own rules and procedures in the early resolution of concerns and issues affecting the Joint Venture, as disclosed in Note 12. The Group is also responsible with the relevant activities of the arrangement being the agent of the Joint Venture but still subject for approval and consent of the parties. Thus, unanimous consent is still required.

5.01.07 Assessment of Classification of Joint Arrangement

An entity applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture. An entity shall determine the type of joint arrangement in which it is involved by considering its rights and obligations arising from the arrangement. An entity assesses its rights and obligations by considering the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

Management assessed that the joint arrangement is a joint operation. A joint operation involves the use of assets and other resources of the Group and other venturers rather than establishment of a corporation, partnership or other entity. The Group accounts for the assets it controls, and the liabilities and expenses it incurs, and the share of the income that it earns from the sale of goods, properties or services by the joint operation. The assets contributed by the Group to the joint operation are measured at the lower of cost or net realizable value.

The Group's several outstanding joint arrangements are disclosed in Note 12.

5.01.08 Assessment of Timing of Satisfaction of Performance Obligations

An entity satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time.

Management assessed that performance obligation is satisfied over time for its sale of real estate inventories, that is when the Group's performance creates an asset and the Group has an enforceable right to payment for performance completed to date.

In 2023, 2022 and 2021, revenue from sale of real estate inventories amounted to P446,240,172, P438,285,248 and P338,360,725, respectively, as disclosed in Note 19.

5.01.09 Assessment of the Allocation of Transaction Price to Performance Obligations

A performance obligation is a vendor's promise to transfer a good or service that is 'distinct' from other goods and services identified in the contract.

Management assessed that allocation of transaction price to performance obligation is not applicable because there is only one performance obligation in each of the contract to sell which is the obligation to deliver the unit duly constructed in a specific lot and fully integrated into the land in accordance with the approved plan.

5.01.10 Assessment of 30 Days Rebuttable Presumption

An entity determines when a significant increase in credit risk occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 30 days rebuttable presumption on determining whether financial assets have significant increase in credit risk is not applicable because based on Group's historical experience credit risk has not increased significantly even if collections are more than 30 days past due.

5.01.11 Assessment of 90 Days Rebuttable Presumption

An entity determines when a default occurs on its financial assets based on the credit management practice of the entity.

Management believes that the 90 days rebuttable presumption on determining whether financial assets are credit-impaired is not applicable since based on the Group's historical experience past due amounts even over 90 days are still collectible.

5.01.12 Determining whether or not a Contract Contains a Lease

Management assessed that the lease contract entered for the use of office space is qualified as lease since the contract contains an identified asset, the Group has the right to obtain substantially all of the economic benefits, and the Group has the right to direct the use of the identified asset throughout the period of use.

5.01.13 Determining whether or not it is Reasonably Certain that an Extension Option will be Exercised and Termination Option will not be Exercised

Lease term is the non-cancellable period for which the Group has the right to use an underlying asset including optional periods when the Group is reasonably certain to exercise an option to extend a lease. The Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term and the enforceability of the option.

The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option and the option is enforceable. The Group is required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee.

For lease of office space, Management assessed that the extension option is not enforceable since the Group cannot enforce the extension of the lease without the agreement of the lessor.

5.01.14 Assessment of Provision and Contingency

Judgement is exercised by Management to distinguish between provisions and contingencies. Policies on recognition of provision and contingencies are discussed in Note 4.14 and disclosure on relevant provisions and contingencies are presented 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 periods 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 Revenue Recognition and Measure of Progress

The Group concluded that revenue for real estate sales is to be recognized over time because the Group's performance does not create an asset with an alternative use; and the Group has an enforceable right for the performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to the contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the redeveloper up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

In 2023, 2022 and 2021, revenue recognized from sale of real estates amounted P446,240,172, P438,285,248 and P338,360,725, respectively, as disclosed in Note 19.

5.02.02 Estimating Allowance for Expected Credit Losses

The Group evaluates the expected credit losses based on an individual assessment.

The Group determines that there has been a significant increase in credit risk when there is a significant decline in the factors.

The Group assessed the expected credit losses on its cash in banks by considering the credit ratings of banks, performance of banking industry, macro-economic and financial highlights. In view of the foregoing factors, Management believes that the allowance for expected credit losses is nil as of December 31, 2023 and 2022, as disclosed in Note 30.02.

After considering the macro-economic factors such as GDP, interest rate, inflation rates including the industry and financial information of the Group's debtors, the Management assessed that there is no significant increase in credit risk in its contracts and other receivables. As of December 31, 2023 and 2022, contracts and other receivables amounted to P605,054,962 and P418,860,261, respectively, as disclosed in Note 7. As such, allowance for expected credit losses amounted to P33,786,548 as of December 31, 2023 and 2022, as disclosed in Notes 7 and 30.02. In 2021, the reversal of allowance for expected credit losses amounted to P3,028,314, as disclosed in Notes 7 and 21.

As of December 31, 2023 and 2022, the carrying amounts of the financial assets measured at amortized cost amounted to P632,118,095 and P487,503,286, respectively, as disclosed in Note 30.02. In 2023, 2022 and 2021, the provision for expected credit losses amounted to nil, nil and P9,861,417, respectively, as disclosed in Notes 16 and 23.

5.02.03 Estimating Real Estate Inventories at Net Realizable Value

Net realizable values of real estate inventories are assessed regularly based on the prevailing selling prices of real estate inventories less estimated costs to sell. The Group recognizes expense and provides allowance for decline in value of real estate inventories whenever net realizable value of real estate inventories becomes lower than cost due to damage, physical deterioration, obsolescence, changes on price levels or other causes. Inventory items identified to be obsolete and unusable is written-off and charged against allowance account. Increase in the net realizable values will increase the carrying amount of real estate inventories but only to the extent of their original acquisition costs.

In both years, Management believes that the net realizable values of the Group's real estate inventories do not approximate to their cost; hence, allowance for decline in value is recognized. The allowance for impairment losses pertaining to raw and subdivided land that are no longer usable in the development of real estates amounted to ₱166,278,310, as of December 31, 2023 and 2022, as disclosed in Note 8. As of December 31, 2023, 2022 and 2021, the Group recognized provision for decline in value amounting to nil, nil and ₱99,745,850, as disclosed in Notes 8 and 23. As of December 31, 2023 and 2022, the carrying amounts of real estate inventories amounted to ₱471,073,085 and ₱477,900,775, respectively, as disclosed in Note 8.

5.02.04 Reviewing Residual Value, Useful Lives and Depreciation Method of Property and Equipment

The residual value, useful lives and depreciation method of the Group's property and equipment are reviewed at least annually, 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 Group'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 Group 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 Group's assets. In addition, the estimation of the useful lives is based on Group'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 equipment would increase the recognized operating expenses and decrease non-current assets. The Group 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 the Group expects to consume the asset's future economic benefits, the Group shall review its present depreciation method and, if current expectations differ, change the depreciation method to reflect the new pattern.

In both years, Management assessed that there were no changes from the previous estimates since the most recent annual reporting period. As of December 31, 2023 and 2022, the carrying amounts of property and equipment amounted to P633,459 and P579,424, respectively, as disclosed in Note 10.

5.02.05 Asset Impairment

The Group performs an impairment review when certain impairment indicators are present. Determining the fair value of prepayments and other current assets (except deposits), investment properties and property and equipment which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. 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 Group 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.

The Group has recognized an allowance for impairment losses against its advances to officers and employees and others presented in 'prepayments and other current assets' because historical experience shows that their collectability is uncertain.

In both years, aside from advances to officers and employees and others presented in 'prepayments and other current assets', Management believes that there are no impairment indicators that exist on prepayments and other current assets (except deposits), investment properties and property and equipment. In 2023, 2022 and 2021, the provision for probable losses on prepayments and other current assets amounted to nil, nil and P1,356,750, respectively, as disclosed in Notes 9 and 23.

As of December 31, 2023 and 2022, the aggregate carrying amount of the aforementioned assets amounted to P281,582,107 and P277,346,913, respectively, as disclosed in Notes 9, 10 and 11.

5.02.06 Deferred Tax Assets

The Group reviews the carrying amounts at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

In both years, the Group did not recognize the deferred tax assets because of the uncertainty that the future deductible expenses such as allowance for expected credit losses, impairment loss and retirement benefit obligation will meet the requirements to be deductible in the future, NOLCO and MCIT will be utilized prior to expiration. As of December 31, 2023 and 2022, unrecognized deferred tax assets amounted to P75,860,651 and P76,975,480, respectively, as disclosed in Note 27.

5.02.07 Post-employment Benefits

The determination of the retirement obligation and cost and other retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, and rates of compensation increase. In accordance with PFRS, actual results that differ from the assumptions and the effects of changes in actuarial assumptions are recognized directly as remeasurements in other comprehensive income. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

In 2023, 2022 and 2021, the retirement benefit expense amounted to P642,882, P554,502 and P514,285, respectively, as disclosed in Note 24. In 2023, 2022 and 2021, the Group's remeasurement loss, loss and gain amounted to P88,380, P496,013 and P85,592, as disclosed in Note 24. As of December 31, 2023 and 2022, the Group's retirement benefit obligation amounted to P3,416,105 and P2,684,843, respectively, as disclosed in Note 24.

5.02.08 Estimating Provisions and Evaluating Contingencies

The estimate of the probable costs for the resolution of possible claims has been developed in consultation with legal counsel handling these matters and is based upon an analysis of potential results. The Parent Company is a party to the following claims arising from the ordinary course of business.

- *Puyat Floorings Products Inc. Versus the Company.* The collection of settlement from RTC Branch 59, Makati City is still pending until court's decision.
The estimated financial settlement is around P2,703,715. Decision rendered is in favor of the Plaintiff but the Company filed its timely Motion for Reconsideration and subsequently for appeal to Court of Appeals.
- *Petition for Issuance of New Title No. 33766.* Decision was rendered in favor of the Company granting the Petition on May 17, 2022.
- *Petition for Correction of Entries in TCT Nos. 122674, 122746, 122507- RTC Br 6-Tanauan City.* The case pertains to correction of clerical errors in the titles which are jurisdictional in character. Decision was rendered in favor of the Company granting the Petition dated May 25, 2022.
- *Criminal Cases versus Spouses Erano and Josephine Esteban.* This is a case involving qualified theft and/or extortion which is pending for resolution before the office of City Prosecutor of Santo Tomas, Batangas.
- *Labor Case for illegal Dismissal-Josephine D. Esteban Vs Philtown.* Status is pending trial at NLRC –RAB-IVA – Calamba City.

However, the Group's Management and legal counsel believe that the eventual liabilities under these claims if any, will not have a material effect on the consolidated financial statements.

Project development commitment which pertains to the agreed development commitment on Tagaytay Heights and Woodlands amounting to P26,751,896. The amount is recognized because Management believes that the project will be fulfilled.

6. CASH

For the purpose of the consolidated statements of cash flows, cash includes cash on hand and in banks.

Cash at the end of the reporting periods as shown in the consolidated statements of cash flows can be reconciled to the related item in the consolidated statements of financial position as follows:

		2023		2022
Cash on hand	P	722,946	P	762,108
Cash in banks		11,137,005		51,228,304
	P	11,859,951	P	51,990,412

Cash in banks earn interest at floating interest rates based on the daily bank deposit rates. Finance income from banks amounted to P6,501, P13,270 and P39,808 in 2023, 2022 and 2021, respectively, as disclosed in Note 21.

7. CONTRACTS AND OTHER RECEIVABLES – net

The Group's contracts and other receivables consist of:

		2023		2022
Contracts receivable	P	617,941,520	P	436,269,489
Less: Allowance for expected credit losses (Note 30.02)		33,786,548		33,786,548
		584,154,972		402,482,941
Others		20,899,990		16,377,320
	P	605,054,962	P	418,860,261

Contracts receivable represent amounts collectible from various customers on the sale of condominium units, subdivided land, raw land, property under development and parking lot. These are generally collectible in monthly installments over a period of one (1) to three (3) years.

In 2023, 2022 and 2021, the Group earned finance income from installment on its contracts receivable amounting to nil, P210,250 and P1,968, respectively, as disclosed in Note 21.

Movement of allowance for expected credit losses is as follows:

	2023		2022		2021
Balance at January 1	P	33,786,548	P	33,786,548	P 36,814,862
Reversal of allowance for expected credit losses (Note 21)		-		-	(3,028,314)
Balance at December 31	P	33,786,548	P	33,786,548	P 33,786,548

In determining the recoverability of contracts and other receivables, the Group considers any change in the credit quality of the accounts and other receivables 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.

Others pertain to commissions fees, claims, other condominium charges for buyers and retention agreement with HDMF.

The titles over the condominium units are held as collateral by the Group until the contract receivable is fully paid.

Management believes that recoverability of some of its receivables is uncertain. Thus, allowance for expected credit losses was recognized.

8. REAL ESTATE INVENTORIES – net

Details of the Group's real estate inventories are as follows:

	2023		2022	
Real estate for sale				
Subdivided land	P	366,619,688	P	387,496,377
Raw land		201,020,831		201,020,831
Condominium and residential units		69,710,876		55,661,877
		637,351,395		644,179,085
Less: Allowance for impairment losses		166,278,310		166,278,310
	P	471,073,085	P	477,900,775

Subdivided land and raw land pertain to parcels of land located in Tanauan City and Sto. Tomas, Batangas and are readily available for sale.

Condominium and residential units include completed units which are located in Pasig City and Quezon City.

As of December 31, 2023 and 2022, the outstanding balance for the purchase of raw land amounted to P15,810,215 and P 18,889,799, respectively, as disclosed in Note 13.

The subdivided land with aggregate carrying amount of nil and P49,110,933 as of December 31, 2023 and 2022, respectively, were used as collateral to secure the loans payable, as disclosed in Note 14.

The cost of real estate inventories recognized as expense amounted to P241,387,304, P239,383,159 and P237,927,250, in 2023, 2022 and 2021, respectively, as disclosed in Note 20.

In both years, Management believes that the net realizable values of the Group's real estate inventories do not approximate to their cost; hence, allowance for decline in value is recognized. The allowance for impairment losses pertains to raw and subdivided land and condominium unit that is no longer usable in the development of real estates.

Movement of allowance for impairment losses on real estate inventories is as follows:

		2023		2022		2021
Balance at January 1	P	166,278,310	P	166,278,310	P	66,532,460
Provision for decline in value (Note 23)		-		-		99,745,850
Balance at December 31	P	166,278,310	P	166,278,310	P	166,278,310

In 2021, the Group recognized provision for decline in value due to raw and subdivided land that are no longer usable in the development of real estates.

The details of allowance for impairment losses on real estate inventories are as follows:

		2023		2022
Raw land	P	117,445,616	P	117,445,616
Subdivided land		41,940,561		41,940,561
Condominium unit		6,892,133		6,892,133
	P	166,278,310	P	166,278,310

Inventories are expected to be recovered within the normal operating cycle.

9. PREPAYMENTS AND OTHER CURRENT ASSETS – net

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

		2023		2022
Prepaid expenses	P	46,282	P	46,282
Excess tax credits		190,360,088		205,320,345
Cash held on escrow account		47,755,565		47,724,621
Input VAT – net		9,842,012		21,814
Advances to officers and employees		7,029,446		18,660,233
Deposits		6,200,627		6,187,974
Advances to contractors and suppliers		1,564,494		1,507,492
Others		21,499,783		635,724
		284,298,297		280,104,485
Less: Allowance for impairment losses		17,628,618		17,628,618
	P	266,669,679	P	262,475,867

Prepaid expenses pertain to prepayment on taxes, permits, licenses and insurance.

Excess tax credits pertain to creditable withholding tax certificates obtained from the Group's customers and overpayment of income taxes in prior years.

Cash held on escrow account is used to hold to funds in trust for a specific purpose.

Advances to officers and employees pertains to advances made by the employees and are generally liquidated within a year.

Advances to contractors and supplier pertains to advance payment made by the Group to its the developer and supplier for a related project.

Others pertain to other deposits on purchases, performance and collateral bonds and organization costs.

Movement of allowance for impairment losses is as follows:

		2023		2022		2021
Balance at January 1	P	17,628,618	P	17,628,618	P	16,271,868
Provision for probable losses (Note 23)		-		-		1,356,750
Balance at December 31	P	17,628,618	P	17,628,618	P	17,628,618

The Group recognized allowance for impairment losses against the following accounts because historical experience shows that their recoverability is uncertain:

		2023		2022
Advances to officers and employees	P	12,815,918	P	12,815,918
Deposits		4,176,977		4,176,977
Others		635,723		635,723
	P	17,628,618	P	17,628,618

10. PROPERTY AND EQUIPMENT – net

The carrying amounts of the Group's property and equipment are as follows:

	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
January 1, 2022			
Cost	P 1,973,296	P 1,157,101	P 3,130,397
Accumulated depreciation	(1,617,367)	(1,157,101)	(2,774,468)
Carrying amount	355,929	-	355,929
Movements during 2022			
Balance at January 1, 2022	355,929	-	355,929
Additions	218,483	139,286	357,769
Disposal	-	-	-
Cost	-	(500,000)	(500,000)
Accumulated depreciation	-	500,000	500,000
Depreciation (Note 22)	(110,941)	(23,333)	(134,274)
Carrying amount	463,471	115,953	579,424
December 31, 2022			
Cost	2,191,779	796,387	2,988,166
Accumulated depreciation	(1,728,308)	(680,434)	(2,408,742)
Carrying amount	463,471	115,953	579,424
Movements during 2023			
Balance, January 1, 2023	463,471	115,953	579,424
Additions	239,736	58,661	298,397
Depreciation (Note 22)	(183,030)	(61,332)	(244,362)
Carrying amount	520,177	113,282	633,459
December 31, 2023			
Cost	2,431,515	855,048	3,286,563
Accumulated depreciation	(1,911,338)	(741,766)	(2,653,104)
Carrying amount	P 520,177	P 113,282	P 633,459

In 2022, the Company disposed a fully depreciated equipment for a consideration amounting to P140,000, resulting to a gain of the same amount, as disclosed in Note 21.

Additions in both years were all paid in cash.

Management assessed that there were no indications of impairment have existed on its property and equipment.

11. INVESTMENT PROPERTIES

The carrying amounts of the investment properties pertaining to parcels of land located in Tanauan, Batangas, amounted to ₱20,479,596 as of December 31, 2023 and 2022.

The aggregate fair value of investment properties amounted to ₱25,800,000 as of December 31, 2023 and 2022.

The fair value of the Group's investment properties has been arrived on the basis of a valuation carried out on March 10, 2016. The valuation was arrived at by reference to sales comparison approach valuation model. Sales comparison approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. The fair value measurement of investment properties for disclosure properties has been categorized as Level 2.

No income and direct expenses were generated from the investment properties in both years.

The Company has determined that there is no indication that an impairment loss has occurred on its investment properties.

Management believes that there were no significant changes in the fair value of land since the latest appraisal. Management believes that the fair value approximates its carrying amount.

12. JOINT OPERATION AGREEMENT

12.01 Holiday Homes, Inc. (HHI)

On June 2, 2014, the Group entered into a Joint Venture Agreement (JVA) with HHI whereby the Group contributed three (3) parcels of land situated in Tanauan City, Batangas with an aggregate area of 193,776 square meters to be developed by HHI into residential subdivisions. The net saleable area is allocated between the parties on a 60/40 basis in favor of HHI.

The property is mortgaged to United Coconut Planters Life Assurance Corporation ("COCOLIFE") through a Mortgage Trust Indenture (MTI) with Banco De Oro (BDO), as disclosed in Notes 8 and 14.

The construction of the project is on-going. As of December 31, 2023 and 2022, the carrying value of the project under this agreement amounted to ₱14,058,045 and ₱51,523,937, respectively. In 2023, 2022 and 2021, sales made under this project amounted to ₱37,465,892, ₱29,307,248 and nil, respectively.

12.02 C – Belle Property Development (C – Belle)

On May 14, 2008, the Group entered into a JVA with C – Belle whereby the Group contributed its land in Sto. Tomas, Batangas to be developed by C – Belle into a residential subdivision. The net saleable area is allocated between the parties on a 72/28 basis in favor of C – Belle.

The construction of the project is on-going. As of December 31, 2023 and 2022, the carrying value of the project under this agreement amounted to ₱138,416,226 and ₱152,641,852, respectively.

12.03 Filinvest Land Corporation (Filinvest)

The Group has an existing JVA with Filinvest whereby the Group contributed its land in Loyola Heights, Quezon City and Filinvest developed a condominium building on such land. Filinvest is responsible for planning, construction, financing, and marketing. The net saleable units are allocated between the parties in a 11/89 basis in favor of Filinvest.

The condominium building was completed in 2016. The carrying amount of the contributed land amounted to P26,804,633. The Company's saleable unit amounted to P16,111,106 and P21,024,289 as of December 31, 2023 and 2022, respectively. In 2023, 2022 and 2021, sales made under this project amounted to P4,913,183, P2,274,294 and nil, respectively.

13. TRADE AND OTHER PAYABLES

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

	2023	2022
Trade	P 117,298,240	P 119,734,127
Accrued interest (Note 16)	331,052,369	332,622,650
Titling fees payable	208,639,734	204,305,138
Accrued expenses	159,259,931	138,280,594
Refund payable (Note 15)	58,253,844	61,068,104
Legal and miscellaneous payable	19,681,000	13,318,126
Payable for the purchase of land (Note 8)	15,810,215	18,889,799
Due to government agencies	12,525,782	7,521,197
Construction payable	300,000	175,000
Others	29,486,824	46,716,494
	P 952,307,939	P 924,631,229

Trade payables arise from normal operating expenses incurred by the Group which mainly consist of payables to contractors for the construction of houses and service providers. The average credit period on purchases of certain goods from suppliers is 30 days.

Titling fees payable pertains to accruals of cost incurred for the transfer of title of land.

Accrued expenses mainly consist of accruals for advertising, personnel cost and other operating expenses which are normally settled in the following year.

Refund payable pertains to claims for refund of customer's deposits from the cancelled contracts which are due and demandable.

Legal and miscellaneous payable pertains to the legal fees and other professional fees.

Payable for the purchase of land pertains to outstanding balance to sellers of raw land which are noninterest-bearing and payable in cash upon demand.

14. LOANS PAYABLE

Movements of this account are as follows:

		2023		2022
Balance, January 1	P	30,403,323	P	60,765,417
Payments		(30,403,323)		(30,362,094)
Balance, December 31		-		30,403,323
Current		-		30,403,323
Non-current	P	-	P	-

Aggregate finance cost incurred and paid amounted to nil in 2023, 2022 and 2021, respectively.

14.01 United Coconut Planters Life Assurance Corporation (Cocolife)

In 2006 to 2009, the Group obtained a several loans aggregating to P336,300,000 from United Coconut Planters Life Assurance Corporation ("Cocolife") with twelve percent (12%) annual interest to finance the construction of its condominium units and subdivision lots in Tanauan, Batangas.

On September 16, 2015, the Group acknowledged obligation to Cocolife amounting to P129,371,631 and offered to settle its obligation from the share of the proceeds of its Joint Venture Agreement (JVA) with Holiday Homes, Inc. (HHI) dated June 2, 2014. The restructured loan shall be settled by 2023 and in case of a shortfall, the balance shall earn interest at six percent (6%) per annum. The Group paid the loan through share in the proceeds of JVA amounting to P30,403,323, P30,362,094 and P44,373,733 in 2023, 2022 and 2021, respectively. During the year, the Company paid the loan in full.

The subdivided land with aggregate carrying amount of nil and P49,110,933 as of December 31, 2023 and 2022, respectively, were used as collateral to secure the loans payable, as disclosed in Note 8.

The Group is compliant with the terms and conditions of the borrowing agreements.

15. CONTRACT LIABILITIES AND TENANTS' DEPOSITS

The Group's contract liabilities and tenants' deposits amounted to P143,879,658 and P88,514,208 as of December 31, 2023 and 2022, respectively.

Contract liabilities pertain to advances from customers paid to the Group by prospective buyers. The Group requires buyers to pay a minimum percentage of the total selling price before they enter into a sale transaction. Payments from buyers which have not reached the minimum required percentage are treated as contract liabilities. When the level of required payment is reached by the buyer, deposits and down payments are applied against the related accounts receivable.

Contract liabilities include the consideration received from the designated transferee of The Metropolitan Project which was used to pay off the Group's liabilities related to the Project, as disclosed in Note 13.

The contract liabilities from cancelled contracts amounted to P58,253,844 and P61,068,104 as of December 31, 2023 and 2022, as disclosed in Note 13 under refund payable.

16. RELATED PARTY TRANSACTIONS

Nature of relationship of the Group and its related parties are disclosed below:

Related Parties	Nature of Relationship
Affiliates	Under common control
Stockholders	Member of key management personnel

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

16.01 Due from Related Parties

Balances of due from related parties as shown in the consolidated statements of financial position are summarized per category as follows:

	2023	2022
Under common control	P 19,586,918	P 21,088,164
Allowance for expected credit losses	(9,861,417)	(9,861,417)
	P 9,725,501	P 11,226,747

Movement of allowance for expected credit losses is as follows:

	2023	2022	2021
Balance at January 1	P 9,861,417	P 9,861,417	P -
Provision for expected credit losses (Note 23)	-	-	9,861,417
Balance at December 31	P 9,861,417	P 9,861,417	P 9,861,417

16.01.01 Under Common Control

Transactions with under common control are detailed as follows:

	December 31, 2023		December 31, 2022	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Affiliates				
Advances	P 2,607,445	P 19,586,918	P 2,290,864	P 21,088,164

Advances collected from related parties amounted to P4,108,691, nil and P8,143,466 in 2023, 2022 and 2021, respectively.

The advances are mainly to finance working capital requirements of the related party. The amount outstanding is non-interest bearing, unsecured and will be settled in cash and collectible on demand. Provisions have been made for expected credit losses in respect of the amounts owed by the related parties.

16.02 Due to Related Parties

Balances of due to related parties as shown in the consolidated statements of financial position are summarized per category as follows:

		2023		2022
Under common control (Note 16.02.01)	P	289,677,578	P	282,890,338
Stockholders (Note 16.02.02)		108,901,457		112,086,222
	P	398,579,035	P	394,976,560

16.02.01 Under Common Control

Transactions with entities under common control are detailed as follows:

	December 31, 2023		December 31, 2022	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Affiliates				
Advances	P 20,450,561	P 289,677,578	P 15,299,492	P 282,890,338

Cash advances due to related parties are for working capital requirement. The amount outstanding due to bears an annual interest of four percent (4%) to eighteen percent (18%). No interest was recognized in both years. The Management and the related parties agreed not to recognize interest during the year as part of the rehabilitation of the Group. No guarantees have been given in respect of the amounts owed to related parties. The amount outstanding is non-interest bearing, unsecured and will be settled in cash and payable on demand.

16.02.02 Member of Key Management Personnel

Transactions with member of key management personnel are detailed as follows:

	December 31, 2023		December 31, 2022	
	Amount/ Volume	Outstanding Balance	Amount/ Volume	Outstanding Balance
Stockholders				
Advances	P -	P 108,901,457	P -	P 112,068,222

Payment to related parties in relation to the advances amounted to P16,848,086, nil and P45,324,312 in 2023, 2022 and 2021, respectively.

The amount bears an annual interest of four percent (4%) to eighteen percent (18%). No guarantees have been given in respect of the amounts owed to related parties. The amount outstanding is non-interest bearing, unsecured and will be settled in cash and payable on demand. The Management and the key management personnel agreed not to recognize interest as part of the rehabilitation of the Company.

Movements of accrued finance cost are as follows:

		2023		2022		2021
Balance, January 1	P	332,622,650	P	332,622,650	P	367,024,981
Payment		(1,570,281)		-		(34,402,331)
Balance, December 31	P	331,052,369	P	332,622,650	P	332,622,650

16.03 Remuneration of Key Management Personnel

The remuneration of the directors and other members of key management personnel of the Group amounted to P1,660,000 and P555,000 as of December 31, 2023 and 2022, respectively.

17. PROJECT DEVELOPMENT COMMITMENT

This pertains to development commitment on Tagaytay Heights and Woodlands project which will be fulfilled during the rehabilitation period. As of December 31, 2023 and 2022, project development commitment amounted to P26,751,896.

18. CAPITAL STOCK

The capital stock of the Group are as follows:

		2023		2022
Capital stock	P	436,700,000	P	436,700,000
Additional paid-in capital		1,089,000,000		1,089,000,000
	P	1,525,700,000	P	1,525,700,000

Components of capital stock are as follows:

		2023		2022
Preference shares – Class B	P	218,349,995	P	218,349,995
Ordinary shares		218,350,005		218,350,005
	P	436,700,000	P	436,700,000

The Group's additional paid-in capital pertains to the excess of capital contribution over the par value of share capital.

18.01 Preference Shares

Movements in the carrying amount of the Group's preference shares are shown below:

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized				
Class A - P1 par value	1,000,000	P 1,000,000	1,000,000	P 1,000,000
Class B - P1 par value	218,349,995	218,349,995	218,349,995	218,349,995
	219,349,995	P 219,349,995	219,349,995	P 219,349,995
Issued and fully paid				
Class B - P1 par value	218,349,995	P 218,349,995	218,349,995	P 218,349,995

Preference shares are entitled to dividends before any dividends are declared to ordinary shares. Preference shares are non-cumulative and non-voting.

Class A preferred share is non-voting and redeemable by the Group on the fifth year from the date of issue at the full price. As of December 31, 2023 and 2022, the Group has not issued Class A preferred shares.

Class B preferred shares are non-voting and redeemable by the Group at the discretion of the Group's board of directors at P3.50 a share but not less than its par value.

The Group has one (1) preferred stockholder as of December 31, 2023 and 2022.

18.02 Ordinary Shares

Shown below are the details of ordinary shares:

	2023		2022	
	Shares	Amount	Shares	Amount
Authorized				
P1 par value	780,150,005	P 780,150,005	780,150,005	P 780,150,005
Issued and outstanding	218,350,005	P 218,350,005	218,350,005	P 218,350,005

Ordinary shares carry one (1) vote per share and carry a right to dividends.

19. REVENUES

Composition of the Group's revenues are as follows:

	2023	2022	2021
Sale of real estate inventories			
House and lot	P 440,139,989	P 420,267,072	P 327,697,092
Condominium units and parking lots	4,913,183	18,018,176	9,502,919
Raw land	1,187,000	-	1,160,714
	P 446,240,172	P 438,285,248	P 338,360,725

20. DIRECT COSTS

The following is an analysis of the Group's direct costs:

	2023	2022	2021
Inventories, January 1	P 477,900,775	P 508,326,942	P 608,133,535
Additions	234,559,614	208,956,992	138,120,657
Cost of goods available for Inventories, December 31	712,460,389	717,283,934	746,254,192
(Note 8)	(471,073,085)	(477,900,775)	(508,326,942)
	P 241,387,304	P 239,383,159	P 237,927,250

Additions pertain to the costs attributed for the construction costs and land acquisitions.

21. OTHER INCOME

Components of other income are as follows:

	2023	2022	2021
Finance income on cash in banks (Note 6)	P 6,501	P 13,270	P 39,808
Finance income on contracts receivable (Note 7)	-	210,250	1,968
Reversal of allowance for expected credit losses (Note 7)	-	-	3,028,314
Rental income	-	-	19,500
Others	672,631	265,970	431,566
	P 679,132	P 489,490	P 3,521,156

Others pertain to the incidental income from real estate business such as document processing and marketing charges and gain on disposal of equipment. In 2022, gain on disposal of a fully depreciated equipment is amounted to P140,000, as disclosed in Note 10.

22. OPERATING EXPENSES

The account is composed of the following expenses:

	2023	2022	2021
Sales commission	P 27,453,429	P 34,536,756	P 13,023,540
Employee benefits (Note 24)	21,840,678	19,746,496	24,143,351
Taxes and licenses	8,005,966	8,087,133	14,956,940
Professional fees	6,030,828	6,904,588	4,647,546
Titling fees	2,933,385	-	-
Transportation and travel	2,258,952	2,423,749	2,105,454
Repairs and maintenance	2,041,190	1,018,375	1,237,277
Association dues	1,649,288	298,287	299,394
Outside services	1,448,519	1,765,462	1,858,002
Advertising expense	946,327	41,333	191,869
Utilities	861,588	793,372	841,915
Representation	816,683	1,502,747	1,111,883
Rental (Note 25)	532,175	498,250	706,543
Supplies	255,831	167,130	222,829
Depreciation (Note 10)	244,362	134,274	98,014
Insurance	32,546	222,434	12,798
Penalties	25,000	771,849	24,085
Donation	37,918	16,914	70,215
Others	495,865	5,446,140	3,386,623
	P 77,910,530	P 84,375,289	P 68,938,278

Sales commission pertains to the payments for the agents for their sale transactions.

Taxes and licenses include permits, licenses, fees and real property tax.

Others include miscellaneous expenses, bank charges and impairment loss on other current assets.

23. OTHER EXPENSES

The Group's other expenses comprised of the following:

	2023	2022	2021
Provision for decline in value (Note 8)	P -	P -	P 99,745,850
Provision for expected credit losses (Note 16)	-	-	9,861,417
Provision for impairment loss (Note 9)	-	-	1,356,750
	P -	P -	P 110,964,017

24. EMPLOYEE BENEFITS

Aggregate employee benefits expense is comprised of:

	2023	2022	2021
Short-term employee benefits (Note 24.01)	P 21,197,796	P 19,191,994	P 23,629,066
Post-employment benefits (Note 24.02)	642,882	554,502	514,285
	P 21,840,678	P 19,746,496	P 24,143,351

24.01 Short-term Employee Benefits

An analysis of the Group's short-term employee benefits is as follows:

	2023	2022	2021
Salaries and wages	P 15,890,135	P 10,571,324	P 16,861,286
SSS, PhilHealth and HDMF contributions	712,860	554,462	430,267
Other employee benefits	4,594,801	8,066,208	6,337,513
	P 21,197,796	P 19,191,994	P 23,629,066

24.02 Post-employment Benefits

The Company has a single retirement plan under the regulatory framework of the Philippines. Under R.A. No. 7641, the Company is legally obliged to provide a minimum retirement pay for qualified employees upon retirement. The framework, however, does not have a minimum funding requirement. The Company's benefit plan is aligned with this framework.

The Company's unfunded defined benefit plans for qualifying employees are entitled to retirement benefits which is equal to 22.5 days' pay for every year of credited services on attainment of a retirement age of sixty (60) and are not adjusted for inflationary increases once in payment. The payments for the unfunded benefits are borne by the Company as it falls due.

The most recent actuarial valuations of the defined benefit obligation were carried out on March 31, 2023 by Zalamea Actuarial Services. The present value of the defined benefit obligation, and the related current and past service costs, were measured using the PUCM.

There were no plan amendments, curtailments, or settlements recognized in the financial years ended December 31, 2023 and 2022.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Discount rate	7.08%	7.08%
Expected rate of salary increase	5.00%	5.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience. These assumptions translate into an average life expectancy in years for a pensioner retiring at age sixty (60).

The sensitivity analysis of the defined benefit obligation of changes in the weighted principal assumption is as follows:

	Impact on Defined Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2023			
Discount rate	100 bps	Decreased by 13.11%	Increased by 5.9%
Salary increase rate	100 bps	Increased by 20.33%	Decreased by 18.65%
December 31, 2022			
Discount rate	100 bps	Decreased by 7.9%	Increased by 6.7%
Salary increase rate	100 bps	Increased by 31.25%	Decreased by 29.67%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method present value of the defined benefit obligation calculated with the PUCM at the end of the reporting period) has been applied as when calculating the pension liability recognized within the consolidated statements of financial position.

Assumed life expectancy is not applicable because under the Company's retirement plan, benefits are paid in full in a lump sum upon retirement or separation of an employee.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year. Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

		2023		2022		2021
Current service cost	P	433,464	P	373,006	P	385,758
Interest on obligation		209,418		181,496		128,527
	P	642,882	P	554,502	P	514,285

Reconciliation of remeasurements recognized in other comprehensive income (loss) are as follows:

		Change on Financial Assumption		Experience Adjustment		Remeasurement Loss
Loss Balance at January 1, 2021	P	(432,410)	P	(596,834)	P	(1,029,244)
Amount recognized during the year		363,963		(278,371)		85,592
Loss Balance at December 31, 2021		(68,447)		(875,205)		(943,652)
Amount recognized during the year		(281,275)		(214,738)		(496,013)
Loss Balance at December 31, 2022		(349,722)		(1,089,943)		(1,439,665)
Amount recognized during the year		(88,380)		-		(88,380)
Loss Balance at December 31, 2023	P	(438,102)	P	(1,089,943)	P	(1,528,045)

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

		2023		2022
Balance, January 1	P	2,684,843	P	3,586,884
Current service cost		433,464		373,006
Interest cost		209,418		181,496
Benefit paid		-		(1,952,556)
Actuarial (gain) loss due to:				
Changes in financial assumptions		88,380		281,275
Experience adjustments		-		214,738
Balance, December 31	P	3,416,105	P	2,684,843

Expected maturity analysis of undiscounted benefit obligation is as follows:

		Less than one (1) year	More than two (2) years but within five (5) year		More than five (5) years		Total	
Undiscounted amount								
2023	P	2,000,287	P	-	P	2,274,059	P	4,274,346
2022		1,750,377		-		1,538,940		3,289,317

The Company is exposed to a number of risks through its defined benefit plan. The most significant risks are detailed below:

Volatility Risk

The plan liabilities are calculated using a discount rate from government bonds to create virtual zero-coupon bonds as of the valuation dates. The government bonds represent investments in the Philippine government securities only.

As the plan matures, the Company intends to reduce the level of volatility risk by maintaining an appropriate level of liquidity and solvency to match the liabilities.

However, the Company believes that due to the long-term nature of the plan liabilities and the strength of the supporting group, a level of continuing debt securities is an appropriate element of the Company's long-term strategy to manage the plans efficiently.

Investment Risk

Investment risk is the risk that investments on plan assets will result to a lower return than originally expected. This risk emanates on the premise that funded defined benefit plans should be arranged on the basis of Asset-Liabilities Matching principle. Thus, plan assets and future contributions are invested in such a way that it will generate return to cover-up future payments of defined benefit obligations and interest costs. These plan activities expose the Company to sensitivity in investment risks that would result to lower plan assets and higher defined benefit obligations should the performance of the investment portfolio falls below the inflation rate, interest rates and other economic conditions.

Inflation Risk

Inflation risk is the risk that the equivalent purchasing power of the plan assets will not be able to match the recorded liabilities.

Payments for the defined benefit plan of the Company are not linked to inflation, thus, the exposure to this risk is immaterial.

25. LEASE AGREEMENTS

25.01 Lease not recognized as Liability

Lease contracts entered into by the Group pertain to office space with lease term of one (1) year and renewable under such terms and conditions mutually agreed upon by both parties. On July 20, 2023, the Group extended its leased contract for a period of one (1) year commencing on August 1, 2023 and will expire on July 31, 2024.

In 2023, 2022 and 2021, rent expense from lease contract amounted to P532,175, P498,250 and P706,543, respectively, as disclosed in Note 22.

26. INCOME TAXES

26.01 Income Tax Recognized in Profit or Loss

The Group's income tax expense amounted to P24,522,513, P7,433,869 and P7,930,270 in 2023, 2022 and 2021, respectively.

A numerical reconciliation between tax expense and the product of accounting profit (loss) multiplied by the tax rate in 2023, 2022 and 2021 are as follows:

26.01.01 Under FRIA Law (January to March)

	2023	2022	2021
Accounting profit	P 32,691,687	P 88,635,994	P -
Tax expense (benefit) at 0%	-	-	-
	P -	P -	P -

26.01.02 Regular Corporate Income Tax

	2023	2022	2021
Accounting profit (loss)	P 94,929,692	P 26,380,296	P (75,947,664)
Tax expense (benefit) at 25%, 25% and 30%, respectively	23,732,423	6,595,074	(18,986,916)
Tax effects of:			
Non-recognition of DTA	786,341	791,259	827,362
Non-deductible penalties	4,688	48,240	6,021
Non-deductible expense on provision for decline in value	-	-	24,936,462
Non-deductible expense on provision for expected credit losses	-	-	2,465,354
Non-deductible expense on provision for probable losses	-	-	339,188
Effect of change in tax rate	-	-	(1,647,249)
Finance income subject to final tax	(939)	(704)	(9,952)
	P 24,522,513	P 7,433,869	P 7,930,270

The Company is under rehabilitation pending with Makati RTC Branch 137 under SP Case No. R-MKT-22-01349-SP and it is paying its income tax for the year subject to the decision of the Court on the possible exemption under Section 19 of the FRIA Law. During the year, the Company opted not to pay income tax from January to March. The remaining months are still subject to regular corporate income tax.

27. DEFERRED TAX ASSETS

27.01 Deferred Tax Assets

The Group did not recognize the following deferred tax assets because of the uncertainty that the future deductible expenses such as allowance for expected credit losses, impairment loss and retirement benefits obligation will meet the requirements to be deductible in the future and MCIT will be utilized prior to expiration:

	2023	2022
Allowance for expected credit losses on:		
Contracts and other receivables	P 8,466,637	P 8,466,637
Due from related parties	2,465,354	2,465,354
Allowance for impairment loss on:		
Real estate inventories	41,569,577	41,569,577
Prepayments and other current assets	4,407,155	4,407,155
Retirement benefits obligation	671,211	896,721
Minimum Corporate Income Tax (MCIT)	-	252,257
Net Operating Loss Carry Over (NOLCO)	18,280,717	18,917,779
	P 75,860,651	P 76,975,480

Details of NOLCO from years 2022 and 2023 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2022	P 3,217,040	P -	P -	P -	P 3,217,040	2025
2023	3,146,769	-	-	-	3,146,769	2026
	P 6,363,809	P -	P -	P -	P 6,363,809	

Details of NOLCO covered by Revenue Regulation No. 25-2020 are as follows:

Year Incurred	Amount	Applied Previous Year	Applied Current Year	Expired	Unapplied	Expiry Date
2020	P 81,727,530	P -	P -	P -	P 81,727,530	2025
2021	3,312,247	-	-	-	3,312,247	2026
	P 85,039,777	P -	P -	P -	P 85,039,777	

The Bureau of Internal Revenue (BIR) has recently issued Revenue Regulations (RR) No.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 No. 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 (3) consecutive years only.

Details of Group'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	P 1,039,148	P -	P -	P -	P 1,039,148	2024

28. EARNINGS (LOSS) PER SHARE AND NET BOOK VALUE PER SHARE

28.01 Earnings (Loss) Per Share

The Group's earnings (loss) per share are P0.47, P0.49 and P(0.38) in 2023, 2022 and 2021, respectively.

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2023	2022	2021
Profit (Loss) used in the calculation of total basic earnings per share after preference dividends	P 103,098,957	P 107,582,421	P (83,877,934)
Weighted average number of ordinary shares for the purposes of basic earnings per share	218,350,005	218,350,005	218,350,005

28.02 Net Book Value Per Share

The Group's net book value per share are P(0.64), P(1.11) and P(1.60) in 2023, 2022, and 2021, respectively.

The total shareholders' equity and total number of outstanding common shares used in the calculation of net book value per share are as follows:

	2023	2022	2021
Total shareholders' equity	P (139,438,400)	P (242,448,977)	P (349,535,385)
Total number of outstanding common shares	218,350,005	218,350,005	218,350,005

29. FAIR VALUE MEASUREMENTS

29.01 Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities as of December 31, 2023 and 2022 are presented below:

	2023		2022	
	Carrying Amount	Fair Values	Carrying Amount	Fair Value
Financial Assets:				
Cash	P 11,859,951	P 11,859,951	P 51,990,412	P 51,990,412
Contracts and other receivables	605,054,962	605,054,962	418,860,261	418,860,261
Due from related parties	9,725,501	9,725,501	11,226,747	11,226,747
Deposits	6,200,627	6,200,627	6,187,974	6,187,974
	P 632,841,041	P 632,841,041	P 488,265,394	P 488,265,394
Financial Liabilities:				
Trade and other payables	P 939,782,157	P 939,782,157	P 917,110,032	P 917,110,032
Due to related parties	398,579,035	398,579,035	394,976,560	394,976,560
Loans payable	-	-	30,403,323	30,403,323
	P 1,338,361,192	P 1,338,361,192	P 1,342,489,915	P 1,342,489,915

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

- Due to the demand feature or short-term nature of cash, contracts and other receivables, due to and from related parties, deposits, and trade and other payables (excluding due to government agencies), Management estimates that the carrying amounts approximate the fair values of financial instruments.
- Loans payable are bearing market interest rates. Hence, the fair value of these loans payable is equal to its carrying amount.

29.02 Fair Value Determinations of Asset

The following table provides an analysis of assets that are measured at fair value on a non-recurring basis subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which inputs to valuation techniques are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within the Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset.

29.02.01 Fair Value Hierarchy

Recurring Fair Value Measurement

In both years, the fair value of investment properties is based on the Level 2 fair value measurements. As of December 31, 2023 and 2022, the fair value of investment properties amounted to ₱25,800,000, as disclosed in Note 11.

There were no transfers between Level 2 and 3 in the period.

29.02.02 Valuation Techniques

The value of the investment properties was derived using the market data approach. Market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. Under market data approach, the value of the investment properties was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison were situated within the immediate vicinity of the subject property. The comparison was premised on the factors of location, size and shape of the property, time element and others.

29.02.03 Highest and Best Use

The Group's non-financial asset which composed investment properties. As of December 31, 2023, the Group assessed the highest and best use of the investment properties from the perspective of market participants. As such, the Group determined that the current use of the investment properties is the assets' highest and best use.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

30.01 Market Risk Management

30.01.01 Interest Rate Risk Management

Fair value interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk arises from its cash in banks, contracts receivable, due to related parties and loans subject to fixed interest rates which is immaterial.

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

Profits and losses for the years ended December 31, 2023, 2022 and 2021 would have been unaffected since the Group's interest rate risk exposure for its cash in bank which is subject to variable interest rate is immaterial.

30.02 Credit Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risks from cash in banks, contracts and other receivables, due from related parties and deposits presented under 'prepayments and other current assets', all at amortized cost.

The Group considers the following policies to manage its credit risk:

➤ **Banks**

The Group transacts only to banks with investment grade credit rating. This information is supplied by independent rating agencies. The Group uses other publicly available information such as annual report to monitor the financial status of the banks. The Group assesses the current and forecast information of the banking industry and the macro-economic factors such as GDP, interest, and inflation rates to determine the possible impact to banks.

➤ **Contracts and other receivables**

The Group transacts only with customers which are all creditworthy. The Group assesses the current and forecast information of the clients' industry and the macro-economic factors such as GDP rate, inflation rate and foreign exchange rate to determine the possible impact to the Group's clients.

➤ **Due from related parties**

The Group transacts only with related parties which are all creditworthy. The Group assesses the current and forecast information of the related parties' industry and the macro-economic factors such as GDP rate, inflation rate and foreign exchange rate to determine the possible impact to the Group's related parties.

➤ **Deposits**

The Group transacts only with counterparties which are all creditworthy. The Group assesses the current and forecast information of the counterparties' industry and the macro-economic factors such as GDP rate, inflation rate and foreign exchange rate to determine the possible impact to the Group's counterparties.

Financial assets measured at amortized cost and contracts receivable are as follows:

	2023		2022	
Cash in banks	P	11,137,005	P	51,228,304
Contracts and other receivables		605,054,962		418,860,261
Due from related parties		9,725,501		11,226,747
Deposits		6,200,627		6,187,974
	P	632,118,095	P	487,503,286

The calculation of allowance for expected credit losses are based on the following three (3) components:

➤ **Probability of Default (PD)**

PD is the likelihood over a specified period, usually one year that a client will not be able to make scheduled repayments. PD depends not only on the client's characteristics, but, also on the economic environment. PD may be estimated using historical data and statistical techniques.

➤ **Loss Given Default (LGD)**

LGD is the amount of money a Group loses when a client defaults on a contract. The most frequently used method to calculate this loss is by comparing the actual total losses and the total amount of potential exposure sustained at the time that a contract goes into default.

➤ **Exposure at Default (EAD)**

EAD is the total value a Group is exposed to when a loan defaults. It refers to the gross carrying amount of financial asset.

Below is the summary of computation of allowance for expected credit losses in 2023 and 2022:

Cash in Banks

	PD rate	LGD rate		EAD		ECL
December 31, 2023	a	b		c		d=a*b*c
Banco De Oro Universal Bank	0.00%	70.15%	P	6,701,030	P	-
Development Bank of the Philippines	0.00%	70.01%		2,568,059		-
Land Bank of The Philippines	0.00%	0.00%		817,437		-
Union Bank of The Philippines	0.00%	0.00%		478,390		-
Philippine Bank of Communications	0.00%	0.00%		444,487		-
Bank of Commerce	0.00%	0.00%		127,302		-
Bank of The Phil. Island	0.00%	0.00%		300		-
			P	11,137,005	P	-
December 31, 2022						
Banco De Oro Universal Bank	0.00%	94.61%	P	37,096,272	P	-
Philippine Bank of Communications	0.00%	94.61%		6,118,574		-
Development Bank of the Philippines	0.00%	86.41%		3,680,007		-
Land Bank of The Philippines	0.00%	86.53%		3,712,105		-
Union Bank of The Philippines	0.00%	0.00%		494,910		-
Bank of Commerce	0.00%	0.00%		126,436		-
			P	51,228,304	P	-

Contracts and other receivables

	PD rate	LGD rate	EAD		ECL
December 31, 2023	a	b	c		d=a*b*c
Contracts and other receivables	5.46%	0.00% to 100.00%	₱ 617,941,520	₱	33,786,548
December 31, 2022					
Contracts and other receivables	7.74%	0.00% to 100.00%	₱ 436,269,489	₱	33,786,548

Due from Related Parties

	PD rate	LGD rate	EAD		ECL
December 31, 2023	a	b	c		d=a*b*c
Due from related parties	50.35%	100.00%	₱ 19,586,918	₱	9,861,417
December 31, 2022					
Due from related parties	46.76%	100.00%	₱ 21,088,164	₱	9,861,417

Cash in Banks

The Group determined the probability of default rate by considering the following: the credit ratings; the past, current, and forecast performance of Banking Industry; the past, current, and forecast macro-economic factors that may affect the banks; and the current and projected financial information. The Group estimated the probability of default to be nil.

Loss given default rate is calculated by taking into consideration the amount of insured deposit and estimated it to be 0.00% to 70.15% and 0.00% to 94.61% in 2023 and 2022, respectively.

Exposure at default is equal to the gross carrying amount of cash in banks.

Contracts and Other Receivables

The Group determined the probability of default rate by considering the following: the aging schedules of contracts and other receivables for the past three (3) years; the breakdown of receivables per year; and the past, current, and forecast macro-economic factors that may affect the Group's clients.

For contracts and other receivables from sale of house and lots, loss given default rate is calculated by taking into consideration the receivables from Home Development Mutual Fund (HDMF) after receipt of Notice of Take-out.

For contracts and other receivables from sale of condominium units, loss given default rate is calculated by taking into consideration the fair value of the real properties.

For other receivables, loss given default rate is based on the carrying amount of the receivable. No collateral or security is attached to the receivables.

Based on the considerations above, loss given default rate is estimated it to be 0.00% to 100.00% in both years.

The Group estimated the probability of default to be 5.46% and 7.74% for all receivable from clients in 2023 and 2022, respectively.

Due from Related Parties

The Group determined the probability of default rate by considering the following: the aging schedules of due from related parties for the past three years; the breakdown of receivables per year; and the past, current, and forecast macro-economic factors that may affect the Group's clients.

Loss given default is estimated to be 100.00% in both years.

The Group estimated the probability of default to be 50.35% and 46.76% for all due from related parties in 2023 and 2022, respectively.

Deposits

In 2023 and 2022, this financial asset represents 0.10% and 0.13%, respectively. Hence, Management believes that the effect of provision for expected credit loss is immaterial to the consolidated financial statements as a whole.

30.03 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Weighted Average Effective Interest Rate	On demand	Within one (1) year	Total
December 31, 2023				
Trade and other payables		P -	P 939,782,157	P 939,782,157
Due to related parties	4%-18%	398,579,035	-	398,579,035
		P 398,579,035	P 939,782,157	P 1,338,361,192
December 31, 2022				
Trade and other payables		P -	P 917,110,032	P 917,110,032
Due to related parties	4%-18%	394,976,560	-	394,976,560
Loans payable	6%	-	30,403,323	30,403,323
		P 394,976,560	P 947,513,355	P 1,342,489,915

The following table details the Group'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 Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted Average Effective Interest Rate	On demand	Within one (1) year	Total
December 31, 2023				
Cash on hand	-	P 722,946	P -	P 722,946
Cash in banks	Floating	11,137,005	-	11,137,005
Contracts and other receivables	-	-	605,054,962	605,054,962
Due from related parties	-	9,725,501	-	9,725,501
Deposits	-	-	6,200,627	6,200,627
		P 21,585,452	P 611,255,589	P 632,841,041
December 31, 2022				
Cash on hand	-	P 762,108	P -	P 762,108
Cash in banks	Floating	51,228,304	-	51,228,304
Contracts and other receivables	-	-	418,860,261	418,860,261
Due from related parties	-	11,226,747	-	11,226,747
Deposits	-	-	6,187,974	6,187,974
		P 63,217,159	P 425,048,235	P 488,265,394

31. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group manages its capital to ensure that the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt and equity of the Group (comprising capital stock, additional paid-in up capital, deficit and remeasurements).

Pursuant to Section 42 of the Revised Corporation Code of the Philippines, stock corporations are prohibited from retaining surplus profits in excess of one hundred percent (100%) of their paid-in capital stock, except: (1) when justified by definite corporate expansion projects or programs approved by the Board of Directors; or (2) when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its/his consent, and such consent has not yet been secured; or (3) when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is need for special reserve for probable contingencies

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

	2023	2022
Capital stock	P 436,700,000	P 436,700,000
Additional paid-in capital	1,089,000,000	1,089,000,000
Deficit	(1,663,610,355)	(1,766,709,312)
Remeasurements	(1,528,045)	(1,439,665)
	P (139,438,400)	P (242,448,977)

The Group is not subject to externally imposed capital requirements. The Group, however, is subject to loan covenants, as disclosed in Note 14.

32. RECONCILIATION OF LIABILITIES FROM FINANCING ACTIVITIES

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

	2023	2022
January 1	P 758,002,533	P 773,065,135
Change from financing cash flow		
Advances received from related parties	20,450,561	15,299,492
Finance cost paid	(1,570,281)	-
Advances paid to related parties	(16,848,086)	-
Payments of loan through cash	(30,403,323)	(30,362,094)
	P 729,631,404	P 758,002,533

33. CORRECTION OF PRIOR PERIOD ERROR

During the year, Management decided to amend the income tax from the prior year which affects the excess tax credits under 'prepayments and other current assets'. Under FRIA Law, the Company under corporate rehabilitation is tax exempt for one year commencing April 1, 2022 to March 31, 2023. Below are the corrections made:

Accounts	December 31, 2022 as previously stated	Adjustments	December 31, 2022, as restated
<u>Statements of Consolidated Financial Position</u>			
Prepayments and other current assets	P 240,174,259	P 22,301,608	P 262,475,867
Deficits	(1,789,010,920)	22,301,608	(1,766,709,312)
<u>Statements of Consolidated Comprehensive Income</u>			
Income tax	29,735,477	(22,301,608)	7,443,869
<u>Statements of Consolidated Changes in Equity</u>			
Loss	(85,820,813)	(22,301,608)	(107,582,421)
Deficits	(1,789,010,920)	22,301,608	(1,766,709,312)

34. RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain amounts in the comparative financial statements and notes disclosures have been reclassified to conform to the current year's presentation.

Current Year Classification	Prior Year Classification	Amount
<u>Due to related parties</u>	<u>Trade and other payables</u>	
Under common control	Trade	₱ 14,680,548
Under common control	Others	16,440

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 3, 2024.



PKF
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INDEPENDENT AUDITORS' REPORT TO ACCOMPANY INCOME TAX RETURN

The Board of Directors and the Stockholders
PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
3rd Floor, BJS Building, BJS Compound
1869 P. Domingo Street, Makati

We have audited the consolidated financial statements of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES** for the years ended December 31, 2023 and 2022 and for each of the years then ended December 31, 2023 on which we have rendered the attached report dated April 3, 2024.

In compliance with Revenue Regulation V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Group.

R.S. BERNALDO & ASSOCIATES
BOA/PRC No. 0300
Valid until May 28, 2024
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



PERCIVAL R. DE GUZMAN

Partner
CPA Certificate No. 92437
BSP Group C Accredited
Accreditation No. 92437-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-004-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 195-808-180
PTR No. 10081199
Issued on January 9, 2024 at Makati City

April 3, 2024

BOA/PRC No. 0300 • BIR Accredited • SEC Group A Accredited • BSP Group B Accredited • IC Group A Accredited

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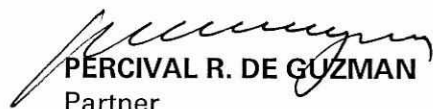
REPORT ON THE INDEX AND SUPPLEMENTARY SCHEDULES

The Board of Directors and the Stockholders
PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
3rd Floor, BJS Building, BJS Compound
1869 P. Domingo Street, Makati

We have issued our report dated April 3, 2024 on the consolidated financial statements of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES** as of and for the year ended December 31, 2023. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES** taken as a whole. The information in the index and supplementary schedules as of and for the year ended December 31, 2023, which is not a required part of the consolidated financial statements, is required to be filed with the Securities and Exchange Commission. Such information is the responsibility of the Management of **PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES**. The information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

R.S. BERNALDO & ASSOCIATES

BOA/PRC No. 0300
Valid until May 28, 2024
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


PERCIVAL R. DE GUZMAN
Partner

CPA Certificate No. 92437
BSP Group C Accredited
Accreditation No. 92437-BSP
Valid until 2025 audit period
BIR Accreditation No. 08-007679-004-2023
Valid from October 20, 2023 until October 19, 2026
Tax Identification No. 195-808-180
PTR No. 10081199
Issued on January 9, 2024 at Makati City

April 3, 2024

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PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
December 31, 2023 and 2022

Schedule	Contents
Index to the Audited Financial Statements	
I	Reconciliation of Retained Earnings Available for Dividend Declaration
II	Financial Soundness Indicators
Supplementary Schedules	
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related parties)
C	Amounts Receivable from Related Parties and Amounts Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
D	Long-Term Debt
E	Indebtedness to Related Parties
F	Guarantees of Securities of Other Issuers
G	Capital Stock

SCHEDULE I

PHILTOWN PROPERTIES, INC.

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

As of December 31, 2023

Unappropriated Retained Earnings, beginning of reporting period (see Footnote 2)		(1,666,313,424)
Add: <u>Category A:</u> Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		
Effect of restatements of prior-period adjustments		
Others (describe nature)		
Sub-total		-
Less: <u>Category B:</u> Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period		
Retained Earnings appropriated during the reporting period		
Effect of restatements of prior-period adjustments	22,301,608	
Others (describe nature)		
Sub-total		22,301,608
Unappropriated Retained Earnings, as adjusted		(1,688,615,032)
Add/Less: Net Income (Loss) for the current year		106,244,231
Less: <u>Category C.1:</u> Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared		
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents		
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Unrealized fair value gain of investment property		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		-
Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents but realized in the current reporting period (net of tax)		
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Realized fair value gain of investment property		
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)		
Sub-total		-
Add: <u>Category C.3:</u> Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents		
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)		
Reversal of previously recorded fair value gain of Investment Property		
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)		
Sub-total		-
Adjusted Net Income/Loss		(1,582,370,801)
Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)		
Sub-total		-

Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief
Total amount of reporting relief granted during the year
Others (describe nature)
Sub-total

_____ -

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution

Net movement of treasury shares (except for reacquisition of redeemable shares)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable
Adjustment due to deviation from PFRS/GAAP - gain (loss)
Others (describe nature)
Sub-total

_____ -

Total Retained Earnings, end of the reporting period available for dividend**(1,582,370,801)****FOOTNOTES**

(1) The amount of retained earnings of a company should be based on its separate ("stand-alone") audited financial statements.

(2) Unappropriated Retained Earnings, beginning of reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.

(3) Adjustments related to the relief provided by the SEC and BSP pertain to accounting relief (e.g. losses that are reported on a staggered basis) granted by the regulators. However, these are actual losses sustained by the Company and must be adjusted in the reconciliation to reflect the actual distributable amount.

(4) This Reconciliation of Retained Earnings Available for Dividend Declaration in pursuant to Sec. 42 of the Revised Corporation Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT companies as a basis to determine the amount of its distributable income or dividends to its shareholders. The determination of its distributable income should be in accordance with the REIT Act and Implementing Rules and Regulations.

SCHEDULE II

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES FINANCIAL SOUNDNESS INDICATORS For the Years Ended December 31, 2023 and 2022

	2023	2022
A. SHORT-TERM LIQUIDITY RATIO		
CURRENT RATIO	0.91	0.84
<u>Current Assets</u>	<u>1,364,383,178</u>	<u>1,222,454,062</u>
Current Liabilities	1,494,766,632	1,456,525,320
WORKING CAPITAL TO ASSETS		
(0.09)	(0.09)	(0.19)
<u>(Current Assets - Current Liabilities)</u>	<u>(130,383,454)</u>	<u>(234,071,258)</u>
Total Assets	1,385,496,233	1,243,513,082
B. LONG-TERM SOLVENCY		
ASSET TO EQUITY	(9.94)	(5.13)
<u>Total Asset</u>	<u>1,385,496,233</u>	<u>1,243,513,082</u>
Shareholders' Equity	(139,438,400)	(242,448,977)
DEBT TO EQUITY	(10.94)	(6.13)
<u>Total Liabilities</u>	<u>1,524,934,633</u>	<u>1,485,962,059</u>
Shareholders' Equity	(139,438,400)	(242,448,977)
LONG-TERM DEBT TO EQUITY	(0.216)	(0.121)
<u>Long-Term Debt</u>	<u>30,168,001</u>	<u>29,436,739</u>
Shareholders' Equity	(139,438,400)	(242,448,977)

FIXED ASSETS TO EQUITY	(0.00)	(0.00)
(Fixed Assets - Accumulated Depreciation)	633,459	579,424
Shareholders' Equity	(139,438,400)	(242,448,977)
CREDITORS EQUITY TO TOTAL ASSETS	1.10	1.19
Total Liabilities	1,524,934,633	1,485,962,059
Total Assets	1,385,496,233	1,243,513,082
FIXED ASSETS TO LONG-TERM DEBT	0.02	0.02
(Fixed Assets - Accumulated Depreciation)	633,459	579,424
Long-Term Debt	30,168,001	29,436,739
C. RETURN ON INVESTMENTS		
RATE OF RETURN ON TOTAL ASSETS	0.08	0.09
Net Income (Loss)	103,098,957	107,582,421
Average Total Assets	1,314,504,658	1,166,043,588
RATE OF RETURN ON EQUITY	(0.54)	(0.36)
Net Income (Loss)	103,098,957	107,582,421
Average Stockholders' Equity	(190,943,689)	(295,992,181)

D. PROFITABILITY RATIOS			
GROSS PROFIT RATIO	0.46	0.45	
<u>Gross Income</u>	204,852,868	198,902,089	
Revenues	446,240,172	438,285,248	
OPERATING INCOME TO REVENUES	0.46	0.45	
<u>Income from Operations</u>	205,532,000	199,391,579	
Revenues	446,240,172	438,285,248	
PRETAX INCOME TO REVENUES	0.29	0.26	
<u>Pretax Income</u>	127,621,470	115,016,290	
Revenues	446,240,172	438,285,248	
NET INCOME TO REVENUE	0.23	0.25	
<u>Net Income</u>	103,098,957	107,582,421	
Revenues	446,240,172	438,285,248	
E. INTEREST COVERAGE RATIO			
INTEREST COVERAGE RATIO	-	-	
<u>Earnings Before Interest and Tax</u>	127,621,470	115,016,290	
Interest Expense	-	-	

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES**SCHEDULE A****SUPPLEMENTARY SCHEDULE OF FINANCIAL ASSETS**

December 31, 2023

Name of Issuing Entity and Description of Each Issue	Number of Shares or Principal Amount of Bonds and Notes			Amounts Shown in the Statements of Financial Position		Value Based on Market Quotations at Balance Sheet Date		Income Received and Accrued	
December 31, 2023									
Cash	P	-	P	11,859,951	P	11,859,951	P	-	-
Contracts and other receivables		-		605,054,962		605,054,962		-	-
Due from related parties		-		9,725,501		9,725,501		-	-
Security deposits		-		6,200,627		6,200,627		-	-
	P	-	P	632,841,041	P	632,841,041	P	-	-

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE B
SUPPLEMENTARY SCHEDULE OF AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND
PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
 December 31, 2023

Amounts owed by Related Parties														
Name and designation of debtor *	Balance at beginning of period		Additions		Amounts collected**		Amounts Written Off ***		Current		Not Current		Balance at the end of the period	
Under Common Control														
Affiliates	P	21,088,164	P	2,607,445	P	4,108,691	P	-	P	19,586,918.00	P	-	P	16,979,473

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE C
SUPPLEMENTARY SCHEDULE OF AMOUNTS OF RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS

December 31, 2023

Receivables from related parties which are eliminated during the consolidation							
Name and designation of debtor	Balance at beginning of period	Additions	Amount collected	Amount written off	Current	Not current	Balance at end of period
Due from related parties	317,113,624	10,198,472	12,090,130	-	305,023,494	-	305,023,494

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE D
SUPPLEMENTARY SCHEDULE OF LONG-TERM DEBT
December 31, 2023

Long-term Debt			
Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "current portion of long-term" in related Statement of Financial Position	Amount shown under caption "long-term debt" in related Statement of Financial Position
December 31, 2023			
Loan Payable	Not Applicable	-	-

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES

SCHEDULE E

**SUPPLEMENTARY SCHEDULE OF INDEBTEDNESS TO RELATED
PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**

December 31, 2023

Indebtedness to related parties (Long-term loans from related companies)		
Name of related party	Balance at beginning of period	Balance at end of period
----- Nothing to Report -----		

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES
SCHEDULE F
SUPPLEMENTARY SCHEDULE OF GUARANTEES OF SECURITIES OF OTHER ISSUERS
December 31, 2023

Guarantees of Securities of Other Issuers				
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 guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
----- Nothing to Report -----				

PHILTOWN PROPERTIES, INC. AND SUBSIDIARIES**SCHEDULE G****SUPPLEMENTARY SCHEDULE OF CAPITAL STOCK**

December 31, 2023

Capital Stock						
Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related Statement of Financial Position caption	Number of shares reserved for options warrants, conversion and other rights	Number of shares held by related parties	Number of shares held by directors, officers and employees	Others
December 31, 2023						
Common Shares	780,150,005	218,350,005	-	-	40,519	218,309,486
Preferred Class A	1,000,000	-	-	-	-	-
Preferred Class B	218,349,995	218,349,995	-	-	-	218,349,995
	999,500,000	436,700,000	-	-	40,519	436,659,481



PROXY FORM

KNOW ALL MEN BY THESE PRESENTS:

The undersigned stockholder of **Philtown Properties, Inc.** (the "Corporation"), do hereby constitute and appoint _____, or in his/her absence, the Chairman of the meeting, to exercise all rights as its true and lawful proxy, to represent it and vote all its shares at the **Annual Stockholders' Meeting of the Corporation on Wednesday, 26 June 2024** or at any adjournment thereof, as fully to all intents and purposes as it might or could do if personally present, hereby ratifying and confirming all that said proxy, his substitute may do or cause to be done by virtue of these presents.

Proposals to be Acted Upon:

Proposals	For	Against	Abstain
a. Approval of the Minutes of the Annual Stockholders' Meeting held on 26 July 2023			
b. President's Report for 2023 and Audited Financial Statements ending 31 December 2023			
c. Ratification of the acts of Management and Board of Directors			
d. Election of Directors <u>For Regular Directors:</u> Lauro B. Ramos Ernest Fritz Server Francisco A. Segovia Ariel A. De Guzman <u>For Independent Directors:</u> Alfredo B. Parungao (over 9 years as independent director) Marilou O. Adea Eleuterio D. Coronel			
e. Appointment of External Auditor			
f. Other Matters			

This proxy revokes all previous proxies executed by the undersigned, and the power and authority herein granted shall continue in full force and effect until the same is revoked by us in writing.

IN WITNESS WHEREOF, the undersigned has executed this proxy this ____ day of _____ 2024 in _____, Philippines.

By: _____

(Name/Signature of Stockholder/Authorized Signatory)