

COVER SHEET

SEC Registration Number

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COMPANY NAME

[illegible]

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

[illegible]

Form Type

FORM 17 Q

Department Requiring the Report

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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

i_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 PHp11.86 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

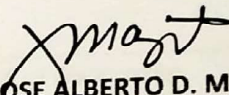
The Company has no other pertinent information to disclose in this quarterly report.

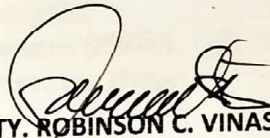
SIGNATURES

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		

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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 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 of 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