

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

J	A	C	K	S	T	O	N	E	S	,		I	N	C		A	N	D		S	U	B	S	I	D	I	A	R	Y

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

5	9	3		A	N	T	O	N	I	O		D	R	I	V	E	,													
B	A	G	U	M	B	A	Y	A	N	,		T	A	G	U	I	G		C	I	T	Y								
P	H	I	L	I	P	P	I	N	E	S																				

Form Type

A	F	S
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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

external@e-securetechnologie.com

Company's Telephone Number/s

215-7576

Mobile Number

09552981527

No. of Stockholders

564

Annual Meeting (Month/Day)

June 24

Fiscal Year (Month/Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person MUST be an Officer of the Corporation

Name of Contact Person

Atty. Juan Miguel de la Fuente

Email Address

mcdela Fuente@zglaw.com

Telephone Number/s

8889-6060

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

593 Antonio Drive, Bagumbayan, Taguig City, Philippines

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.

Jackstones, Inc. and Subsidiary

**Consolidated Financial Statements with Supplementary
Schedules for the Securities and Exchange Commission
December 31, 2019**

Jackstones, Inc. and Subsidiary

Consolidated Financial Statements with Supplementary
Schedules for the Securities and Exchange Commission
December 31, 2019

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FIRST SECTION

JACKSTONES INC.

593 Antonio Drive, Bagumbayan, Taguig City 1630

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Metro Manila Philippines

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

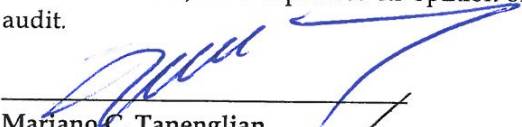
The management of JACKSTONES INC. and its SUBSIDIARY ("Jackstones Group") is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

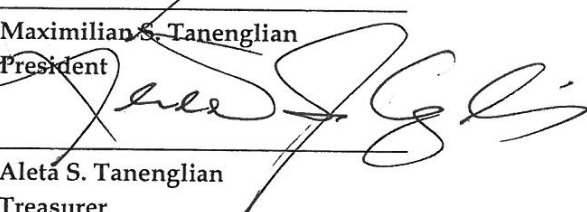
In preparing the financial statements, management is responsible for assessing Jackstones Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company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

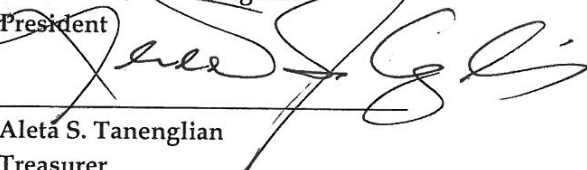
The Board of Directors is responsible for overseeing the Jackstones Group's financial reporting process.

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

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


Mariano C. Tanenglian
Chairman of the Board


Maximilian S. Tanenglian
President


Aleta S. Tanenglian
Treasurer

Signed this 11th day of June 2020

JUN 23 2020

TAGUIG CITY

SUBSCRIBED and SWORN to before me this _____ at _____ City, affiants who are personally known to me or identified through competent evidence of identity to wit:

Name	Passport or ID No.	Date / Place Issued
Mariano C. Tanenglian	101-194-805-000	
Maximilian S. Tanenglian	199-391-243-000	
Aleta S. Tanenglian	116-439-998-000	

Doc. No. 105;
Page No. 14;
Book No. 14;
Series of 20 24

ATTY. EDUARDO P. BAROT
Notary Public for Taguig, Rol No. 36248
Commission No. 43 Until 31 Dec. 2020
PTR. No. 4325791/01.02.20/ Mandaluyong City
IBP Lifetime Member No. 013895/06.02.15/ RSM
MCLE Compliance No. VI-0007875 /04.14.22/
3/F Bonifacio Technology Center 31st Street
Corner 2nd Avenue Crescent Park West
Global City Taguig City, Philippines



Independent Auditor's Report

To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
593 Antonio Drive, Bagumbayan
Taguig City, Philippines

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at December 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2019 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2019;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2019;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2019; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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Independent Auditor's Report
To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
Page 2

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

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

Key audit matter identified in our audit is recognition of revenue under PFRS 15.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition under PFRS 15</p> <p>The Group has started developing and pre-selling residential units in 2019. The Group adopted the revenue recognition standard, PFRS 15, Revenue from Contracts with Customers which is considered significant to our audit because this involves application of significant judgment in the identification of the contract for sale of real estate property that would meet the requirements of PFRS 15.</p> <p>At contract inception, the Group evaluates the following criteria before it can apply the revenue recognition model under PFRS 15: a) The parties to the contract have approved the contract and are committed to perform their obligations; b) The Group can identify each party's rights regarding the goods or services to be transferred; c) The Group can identify the payment terms for the goods or services to be transferred; d) The contract has commercial substance (i.e., the risk,</p>	<p>We addressed the matter by obtaining an understanding of the Group's process for sale of real estate property, including the process of implementing the revenue recognition standard. We reviewed the accounting policies prepared by management and reviewed the contracts with customers.</p> <p>We evaluated and challenged the judgment made by management in applying the Group's accounting policy to the different contracts with customer. Specific procedures are discussed below:</p> <ul style="list-style-type: none">• Obtained and reviewed the terms and provisions of contracts with customers and assessed the criteria on PFRS 15 for revenue recognition.• Examined the documents supporting the advance payments received from customers to ascertain the nature and purpose of such payments and assessed



Independent Auditor's Report
To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
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Key Audit Matter	How our audit addressed the Key Audit Matter
<p>timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group consider only the customer's ability and intention to pay that amount of consideration when it is due. This is relevant because customer's credit risk is an important part to determine whether a contract is valid.</p> <p>If a contract with a customer does not meet the criteria at contract inception, the Group continues to assess the contract to determine whether the criteria are subsequently met. When a contract with a customer does not meet the criteria and the Group receives consideration from the customer, the Group recognizes the consideration received as revenue only when either of the following events has occurred: a) The Group has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable; or b) The contract has been terminated and the consideration received from the customer is non-refundable.</p> <p>As at December 31, 2019, the Group did not recognize revenue from the considerations received since none of the contracts with the customers have met the criteria (Note 8).</p>	<p>proper accounting and recording in accordance with PFRS 15.</p> <ul style="list-style-type: none">• Evaluated the management's assessment of the collectability of the consideration and the probability that the customers will exercise their right to a refund based on the contract terms and applicable laws in the Philippines.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
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Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A (Annual Report) for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A (Annual Report) for the year ended December 31, 2019 are expected to be made available to us after the date of this auditor's report.

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

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

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 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 ability of each entity in the Group 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 an entity in 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
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Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause an entity within 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Nelson Charsegun L. Aquino.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to be "NCA", written over a horizontal line.

Nelson Charsegun L. Aquino
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 7, 2020, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
June 11, 2020



Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
593 Antonio Drive, Bagumbayan
Taguig City, Philippines

We have audited the consolidated financial statements of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at and for the year ended December 31, 2019, on which we have rendered the attached report dated June 11, 2020. The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, a Map Showing the Relationships among the Group and its Ultimate Parent Company and Schedules A, B, C, D, E, F and G, as additional components required by Rule 68 of the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the consolidated financial statements. Such supplementary information are the responsibility of management and have been subjected to the auditing procedures applied in the audit of the consolidated financial statements. In our opinion, the supplementary information have been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.

Nelson Charsegun L. Aquino
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 7, 2020, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
June 11, 2020

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Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
593 Antonio Drive, Bagumbayan
Taguig City, Philippines

We have audited the consolidated financial statements of Jackstones, Inc. (the "Parent Company") and its subsidiary (collectively referred to as the "Group") as at and for the year ended December 31, 2019, on which we have rendered the attached report dated June 11, 2020.

In compliance with Rule 68 of the SRC and based on the certification received from the Parent Company's corporate secretary and the results of our work performed, the Parent Company has 307 shareholders each owning one hundred (100) or more shares as at December 31, 2019.

Isla Lipana & Co.

Nelson Charsegun L. Aquino
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 7, 2020, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
June 11, 2020

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Isla Lipana & Co.

Statement Required by Rule 68
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of
Jackstones, Inc. and Subsidiary
593 Antonio Drive, Bagumbayan
Taguig City, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Jackstones, Inc. and its Subsidiary (the "Group") as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 11, 2020. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

Isla Lipana & Co.

Nelson Charsegun L. Aquino
Partner

CPA Cert. No. 0102077

P.T.R. No. 0011078, issued on January 7, 2020, Makati City

SEC A.N. (individual) as general auditors 1589-AR-1, Category A; effective until September 23, 2022

SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021

TIN 211-507-088

BIR A.N. 08-000745-127-2019, issued on January 14, 2019; effective until January 13, 2022

BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
June 11, 2020

*Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
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Jackstones, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(All amounts in Philippine Peso)

	Notes	2019	2018
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	2	5,022,715	28,854,662
Short-term investment	2	5,196,150	-
Real estate held for development and sale	3	44,517,085	17,394,825
Due from related parties	7	10,296,958	24,332,200
Contract assets	8	1,393,337	-
Prepayments and other current assets	4	30,485,031	727,729
Total current assets		96,911,276	71,309,416
Non-current assets			
Property and equipment, net	5	494,172	83,285
Input value-added tax, non-current	4	1,339,199	1,209,297
Deferred income tax assets	11	1,663,447	353,339
Total non-current assets		3,496,818	1,645,921
Total assets		100,408,094	72,955,337
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Trade payables and other liabilities	6	4,078,859	1,057,385
Advances from shareholders	7	66,277,769	46,277,769
Contract liabilities	8	10,616,280	-
Total current liabilities		80,972,908	47,335,154
Non-current liability			
Deferred tax liability	11	-	18,308
Total liabilities		80,972,908	47,353,462
Equity			
Share capital, net of treasury shares	9	188,184,097	188,184,097
Share premium	9	143,334,770	143,334,770
Deficit		(312,083,681)	(305,916,992)
Total equity		19,435,186	25,601,875
Total liabilities and equity		100,408,094	72,955,337

The notes on pages 1 to 29 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Income				
Foreign exchange gain	13	-	158,353	-
Interest income	2	705,895	484,173	307,282
		705,895	642,526	307,282
Expenses				
Administrative expenses	10	(7,849,362)	(4,721,770)	(2,856,610)
Foreign exchange loss	13	(351,638)	-	(689,578)
		(8,201,000)	(4,721,770)	(3,546,188)
Loss before income tax		(7,495,105)	(4,079,244)	(3,238,906)
Income tax benefit	11	1,328,416	335,031	-
Loss for the year		(6,166,689)	(3,744,213)	(3,238,906)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		(6,166,689)	(3,744,213)	(3,238,906)
Loss per share (basic and diluted)	12	(0.0247)	(0.0154)	(0.0193)

The notes on pages 1 to 29 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Share capital (Note 9)					Share premium (Note 9)	Treasury shares (Note 9)	Deposit for future stock subscription (Note 9)	Deficit	Total equity
	Authorized		Subscribed and issued		Paid up					
	No. of shares	Amount	No. of shares	Amount	Amount					
Balances at January 1, 2017	170,000,000	170,000,000	167,559,179	167,559,179	167,559,179	113,074,880	(82)	-	(298,933,873)	(18,299,896)
Comprehensive income										
Loss for the year	-	-	-	-	-	-	-	-	(3,238,906)	(3,238,906)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(3,238,906)	(3,238,906)
Transaction with owners										
Deposit for future stock subscription	-	-	-	-	-	-	-	50,884,890	-	50,884,890
Balances at December 31, 2017	170,000,000	170,000,000	167,559,179	167,559,179	167,559,179	113,074,880	(82)	50,884,890	(302,172,779)	29,346,088
Comprehensive income										
Loss for the year	-	-	-	-	-	-	-	-	(3,744,213)	(3,744,213)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(3,744,213)	(3,744,213)
Transaction with owners										
Increase in authorized and subscribed shares	330,000,000	330,000,000	82,500,000	82,500,000	20,625,000	30,259,890	-	(50,884,890)	-	-
Balances at December 31, 2018	500,000,000	500,000,000	250,059,179	250,059,179	188,184,179	143,334,770	(82)	-	(305,916,992)	25,601,875
Comprehensive income										
Loss for the year	-	-	-	-	-	-	-	-	(6,166,689)	(6,166,689)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(6,166,689)	(6,166,689)
Balances at December 31, 2019	500,000,000	500,000,000	250,059,179	250,059,179	188,184,179	143,334,770	(82)	-	(312,083,681)	19,435,186

The notes on pages 1 to 29 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2019
(All amounts in Philippine Peso)

	Notes	2019	2018	2017
Cash flows from operating activities				
Loss for the year		(7,495,105)	(4,079,244)	(3,238,906)
Adjustment for:				
Depreciation expense	5	54,652	14,805	3,346
Unrealized foreign exchange loss (gain)	13	81,120	(61,025)	689,578
Interest income	2	(705,895)	(484,173)	(307,282)
Operating loss before changes in working capital		(8,065,228)	(4,609,637)	(2,853,264)
(Increase) decrease in:				
Due from related parties	7	14,035,242	(24,332,200)	-
Real estate held for development and sale	3	(27,122,260)	(17,394,825)	-
Contract asset	8	(1,393,337)	-	-
Prepayments and other current assets	4	(29,732,023)	(727,729)	-
Input value-added tax, non-current	4	(129,902)	(163,661)	(158,742)
Increase in:				
Trade payables and other liabilities	6	3,021,474	75,794	(191,056)
Contract liabilities	8	10,616,280	-	-
Cash used in operations		(38,769,754)	(47,152,258)	(3,203,062)
Interest received	2	680,616	484,173	307,282
Net cash used in operating activities		(38,089,138)	(46,668,085)	(2,895,780)
Cash flow from investing activities				
Short-term investment	2	(5,265,994)	-	-
Acquisition of property and equipment	5	(465,539)	(60,263)	(41,173)
Net cash used in investing activities		(5,731,533)	(60,263)	(41,173)
Cash flow from financing activities				
Advances from shareholders	7	20,000,000	20,500,000	7,199,645
Proceeds from deposit for future stock subscription, net of share issuance costs	9	-	-	50,884,890
Net cash provided by financing activities		20,000,000	20,500,000	50,084,535
(Decrease) increase in cash and cash equivalents		(23,820,671)	(26,228,348)	55,147,582
Cash and cash equivalents at January 1		28,854,662	55,021,985	563,981
Effect of foreign exchange changes on cash and cash equivalents	13	(11,276)	61,025	(689,578)
Cash and cash equivalents at December 31	2	5,022,715	28,854,662	55,021,985

The notes on pages 1 to 29 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Notes to Consolidated Financial Statements

As at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019

(In the notes, all amounts are shown in Philippine Peso, unless otherwise stated)

Note 1 - Business information

1.1 General information

Jackstones, Inc. (the "Parent Company") was originally incorporated on April 22, 1964 as Pacific Cement Company, Inc. to engage in the manufacture and trading of cement and related products. In June 2000, the Securities and Exchange Commission (SEC) approved the change in primary purpose of the Company to that of a holding company and changed its corporate name to PACEMCO Holdings, Inc. (PACEMCO). Simultaneous therewith, PACEMCO spun-off its cement manufacturing and mining facility and assets to Pacific Cement Philippines, Inc. (PACEMPHIL), in exchange for 100% of the shares of stock of PACEMPHIL. This investment was subsequently sold in November 2000.

In December 2000, PACEMCO acquired 100% of the share capital of NextStage, Inc., and in June 2001, the SEC approved the merger of PACEMCO and its subsidiary, NextStage, Inc., with PACEMCO as the surviving corporation. Subsequently, the SEC also approved the change in name from PACEMCO to NextStage, Inc.

The Parent Company's shares are listed in the Philippine Stock Exchange (PSE). As a public company, it is covered by Part I Section 2 A (i) of the Securities and Regulation Code (SRC) Rule 68, as amended on October 20, 2011 and also covered by additional requirement under SRC Rule 68, as amended, Part II.

On April 16, 2014, the SEC approved the Company's application to change its corporate name to its present name and the extension of its corporate life for another 50 years immediately after the first 50 years from and after the date of incorporation.

On October 12, 2014, a group of individual and corporate shareholders sold their shares of stock representing 70% of the outstanding share capital of the Company to Ketton Holdings, Inc. and a group of individual investors. The sale effectively transferred control of the Parent Company to Ketton Holdings, Inc., a domestic corporation registered in the Philippine SEC, who became the ultimate controlling party, owning 54% equity interest in the Parent Company.

On March 23, 2015, the Parent Company's Board of Directors (BOD) approved the transfer of principal office from Bonifacio Technology Center, 2nd Avenue corner 31st Street, Bonifacio Global City, Taguig City to 593 Antonio Drive, Bagumbayan, Taguig City. The above resolution has been ratified by the shareholders on April 30, 2015 and approved by the SEC on July 6, 2015.

On March 10, 2017, the Parent Company's BOD, through an amendment of the Parent Company's Articles of Incorporation, approved the increase of the Parent Company's authorized share capital from P170 million divided into 170 million shares with P1 par value per share to P500 million divided into 500 million shares with P1 par value per share. This amendment was approved and ratified by the Parent Company's shareholders during the annual shareholders' meeting on June 13, 2017. The amendment was filed and approved by the SEC on February 7, 2018.

As at December 31, 2019, the Parent Company has 307 shareholders owning at least 100 shares each (2018 - 306 shareholders). Of the total shares outstanding, 20.10% were publicly held as at December 31, 2019 and 2018.

Status of operations

In 2017, the Parent Company increased its authorized share capital to obtain additional stock subscription and address its negative equity. The Parent Company also established a wholly-owned subsidiary, Jackstones Properties, Inc. (JPI), which is engaged in real estate business.

In 2018, JPI purchased a land for future development and sale to start its commercial operations. In 2019, JPI obtained the approval from Housing and Land Use Regulatory Board (HLURB) for the license to sell saleable units in the purchased land. The project is expected to generate income starting 2020.

Also, the Group has identified target projects, ventures, businesses and assets that can be included in the holdings of the Parent Company for which the Parent Company may issue shares in exchange for owning them.

Moreover, the shareholders continue to provide financial support to the Group to enable it to meet its financial obligations when they fall due and carry out its business operations, going forward.

1.2 Subsidiary information

The Parent Company holds 100% ownership in the shares of stock of Jackstones Properties, Inc. (JPI). The Parent Company and its subsidiary are collectively referred to as the "Group".

JPI was incorporated and registered with the Philippine SEC on October 20, 2017 primarily to purchase, acquire, own, hold, use and dispose real property. The registered office address of JPI is located at 593 Antonio Drive, Bagumbayan, Taguig.

1.3 Approval of the financial statements

These consolidated financial statements of the Group were authorized and approved for issuance by the Parent Company's BOD on June 11, 2020.

Note 2 - Cash and cash equivalents

Cash and cash equivalent at December 31 consist of:

	2019	2018
Cash on hand	2,000	3,719
Cash in banks	5,020,715	5,201,700
Cash equivalents	-	23,649,243
	5,022,715	28,854,662

Cash in banks earn interest at the respective bank deposit rates. Cash equivalent represents short-term investment with a local bank having a maturity of less than three (3) months from the date of placement and earning interest ranging from 1.375% to 1.875% for the years ended December 31, 2019 and 2018.

Short-term investment

As at December 31, 2019, the Group has short-term investment amounting to US\$102,407 or P5,196,150 with a local bank having a maturity of six (6) months from the date of placement and earning interest of 2.25% per annum.

Interest income earned from bank deposits, cash equivalent and short-term investment for the year ended December 31, 2019 amounted to P705,895 (2018 - P484,173; 2017 - P307,282).

Accrued interest from short-term deposits as at December 31, 2019 amounted to P25,279 (2018 - nil) presented as part of prepayments and other current assets (Note 4) in the consolidated statements of financial position.

Note 3 - Real estate held for development and sale

On June 13, 2018, JPI purchased a land located at Barangay Marikina Heights, Marikina City for a total consideration of P14,582,150 paid in full upon execution of the Deed of Absolute Sale. The title and ownership of the land was transferred to JPI in the same year. The land was acquired for future development and sale.

In 2019, JPI started the construction of Michelia Residences, a townhouse project, after JPI has been granted license to sell by the Housing and Land Use Regulatory Board (HLURB) of the Philippines. The project is expected to be completed in 2020.

The composition of real estate held for development and sale as at December 31 are as follows:

	2019	2018
At cost		
Land	14,582,150	14,582,150
Site development and housing costs	29,934,935	2,812,675
	44,517,085	17,394,825

Site development and housing costs include cost of construction, professional fees which primarily consist of architectural and engineering design fees and survey fees incurred to prepare the land for development and other costs attributable to bringing the real estate held for development and sale to its intended condition.

The movements in real estate held for development and sale follow:

	2019	2018
Balance at January 1	17,394,825	-
Additions during the year	27,122,260	17,394,825
Balance at December 31	44,517,085	17,394,825

The Group's real estate held for sale and development are carried at the lower of cost or net realizable value.

Critical accounting judgment: Provision for losses on real estate held for development and sale

The Group provides for an allowance to write down real estate held for development and sale whenever the net realizable value becomes lower than cost. The allowance account is reviewed periodically.

As at December 31, 2019 and 2018, the Group has not provided any allowance for losses on real estate held for development and sale based on the assessment as described above.

Note 4 - Prepayments and other current assets; Input VAT, non-current

Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	Note	2019	2018
Advances to contractors		21,870,141	-
Input value-added tax (VAT), current portion		6,511,290	378,802
Restricted cash		1,991,428	-
Advances to employees		58,114	310,387
Interest receivable	2	25,279	-
Prepaid Insurance		14,860	-
Others		13,919	38,540
		30,485,031	727,729

Advances to a contractor represent advanced payments which are settled through provision of construction services and delivery of materials. The services and materials are expected to be received within 12 months from reporting date.

Restricted cash pertains to cash held in escrow in compliance with the requirements of HLURB for a license to sell and certificate of registration. The restricted cash are refundable and will be derecognized upon completion of the townhouse project.

Advances to employees pertain to cash advances for operating expenses which are expected to be liquidated within 12 months upon release or utilization of its purpose.

Input VAT, non-current portion

The Group presented the input VAT related to the Parent Company amounting to P1,339,199 as at December 31, 2019 (2018 - P1,209,297) as non-current asset since the management assessed that there will be no activities that will generate revenue that are subject to VAT within the next 12 months.

The Group has identified target projects, ventures, businesses and assets that can be included in the holdings and that will generate revenue that are subject to VAT. Management assessed that it is premature to recognize an impairment of the input VAT as management's intention is to apply it against future VAT obligations.

Critical accounting judgment: Recoverability of input VAT

In determining the recoverable amount of input VAT, management considers the probability of future transactions that will be available against which the input VAT can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the Group opted to file for refund with the tax authorities in the future. The Group performs an evaluation of the input VAT claims filed with the Bureau of Internal Revenue (BIR) on a continuous basis throughout the period. Management uses judgment based on the best available facts and circumstances, including but not limited to, the adequacy of documentation, timely filing of application with the tax authority and evaluation of the individual tax credit claim's future recoverability and utilization. As of reporting date, management believes that it will be able to recover these input VAT on the following basis:

- Input VAT carried in the VAT returns does not expire and can be used against future output VAT obligations. As disclosed in Note 1, the Parent Company has identified target projects and business ventures that will generate revenues subject to VAT; and
- The Group has the option to apply for a tax refund on unused input VAT within a period of two (2) years.

Note 5 - Property and equipment, net

Property and equipment as at December 31 consist of:

	Office furniture and fixtures	Office equipment	Total
At January 1, 2018			
Cost	-	41,173	41,173
Accumulated depreciation	-	(3,346)	(3,346)
Net carrying value	-	37,827	37,827
For the year ended December 31, 2018			
Opening net carrying value	-	37,827	37,827
Additions	9,370	50,893	60,263
Depreciation	(469)	(14,336)	(14,805)
Closing net carrying value	8,901	74,384	83,285
At December 31, 2018			
Cost	9,370	92,066	101,436
Accumulated depreciation	(469)	(17,682)	(18,151)
Net carrying value	8,901	74,384	83,285
For the year ended December 31, 2019			
Opening net carrying value	8,901	74,384	83,285
Additions	56,647	408,892	465,539
Depreciation	(4,181)	(50,471)	(54,652)
Closing net carrying value	61,367	432,805	494,172
At December 31, 2019			
Cost	66,017	500,958	566,975
Accumulated depreciation	(4,650)	(68,153)	(72,803)
Net carrying value	61,367	432,805	494,172

Note 6 - Trade payables and other liabilities

Trade payables and other liabilities at December 31 consist of:

	2019	2018
Customer refunds	2,163,500	-
Accrued expenses	640,037	532,518
Accrued commission	628,686	-
Trade payables	411,731	434,085
Payable to regulatory agency	234,905	90,782
	4,078,859	1,057,385

Customer refunds mainly consists of amounts to be returned to customers who have decided to exercise their right to refund in accordance with their agreement with the Group.

Accrued expenses and other liabilities mainly pertain to accrued payroll and professional fees for accounting, legal, audit and stock transfer services rendered for the Group.

Accrued commission pertains to commission incurred but not yet paid in order to consummate the contract of sale for real estate properties.

Trade payables are non-interest bearing and are normally settled within 30 days.

There are neither guarantees nor assets pledged to secure the Group's liabilities at December 31, 2019 and 2018. The carrying amounts of trade payables and other liabilities approximate their fair values due to their short-term maturities.

Note 7 - Related party transactions

The table below summarizes the Group's transactions and balances with its related parties.

	Transactions			Outstanding balance		Terms and conditions
	2019	2018	2017	2019	2018	
Due from <i>Entities under common control</i>	7,034,758	24,332,200	-	10,296,958	24,332,200	Due from entities under common control are related to payments made on behalf of the related parties. These are non-interest bearing, unsecured, receivable in cash and are generally collectible within one (1) year.
Advances from <i>Shareholders</i>	20,000,000	20,500,000	7,199,645	66,277,769	46,277,769	Advances are extended for working capital requirements which are payable in cash with no fixed repayment date. These are non-interest bearing, unguaranteed and unsecured.
Deposit for future stock subscription <i>Shareholders</i>	-	-	50,884,890	-	-	Deposit for future stock subscription refers to the payment made by the shareholders on subscription to the increase in the authorized capital which cannot be directly credited to capital stock issued pending SEC approval. Amount presented is net of related share issuance costs amounting to P677,610.
<i>Key management compensation Salaries and other short-term benefits (Note 9)</i>	2,638,315	1,295,297	1,067,627	102,568	95,186	Key management compensation covering salaries and wages and other short-term benefits are determined based on contract of employment and payable in cash every month. The Parent Company has not provided share-based payments, termination benefits or other long-term benefits to its key management personnel for the years ended December 31, 2019, 2018 and 2017.

In the normal course of the business, the Group receives advances from the shareholders for working capital purposes. The carrying amount of advances from shareholders approximates its fair value due to its short-term maturity.

On March 10, 2017, the Parent Company's BOD approved the conversion of total advances from shareholders amounting to P18,578,124 to deposits for future shares subscription. This resolution was ratified by the Parent Company's shareholders during the annual shareholders' meeting on June 13, 2017. The application of the conversion of advances is yet to be submitted to the SEC as at December 31, 2019 and 2018.

The carrying amount of advances from shareholders approximates its fair value due to its short-term maturity.

Critical accounting judgment: Provision for impairment of amount due from related parties

Provision for impairment of amount due from a related party is maintained at a level considered adequate to provide for potentially uncollectible receivables. Provision for impairment is determined using expected credit losses (ECLs). Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, the Company has assessed that the outstanding balances are exposed low credit risk.

Expected credit losses on these balances have therefore been assessed to be insignificant as at December 31, 2019 and 2018.

Note 8 - Contract assets; contract liabilities

Contract assets

The Group has recognized contract assets as at December 31, 2019 related to brokers' commission amounting to P1,393,337. Brokers' commission pertains to the amount to be incurred in order to consummate the contract of sale for real estate properties. A portion is paid upon signing of the contract to sell and the remainder is to be paid once the deed of absolute sale has been issued to the buyer.

There are no amortization of contract assets for the year ended December 31, 2019.

Contract liabilities

Contract liabilities consist of customer deposits and advance payments for additional improvement on bare units that have not yet been rendered. The Group will recognize the revenue as the construction is completed, which is expected to occur over the next 12 months from the reporting date.

Contract liabilities as at December 31, 2019 amounted to P10,616,280 (2018 - nil).

Critical accounting judgment: Revenue recognition

At contract inception, the Group evaluates the following criteria before it can apply the revenue recognition model under PFRS 15: a) The parties to the contract have approved the contract and are committed to perform their obligations; b) The entity can identify each party's rights regarding the goods or services to be transferred; c) The entity can identify the payment terms for the goods or services to be transferred; d) The contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due. This is relevant because customer's credit risk is an important part to determine whether a contract is valid.

If a contract with a customer does not meet the criteria, the Group shall continue to assess the contract to determine whether the criteria are subsequently met. When a contract with a customer does not meet the criteria and the Group receives consideration from the customer, the Group recognizes the consideration received as revenue only when either of the following events has occurred: a) The Group has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the Group and is non-refundable; or b) The contract has been terminated and the consideration received from the customer is non-refundable.

As at December 31, 2019, none of the contracts with the customers have met the criteria for revenue recognition. The Group recognized the consideration received from the customers as contract liabilities and will continue to reassess if the revenue recognition criteria are subsequently met.

Note 9 - Equity

Share capital, net of treasury shares

Details of share capital at December 31, 2019 and 2018 are as follows:

	Shares	Amount
Common shares at P1 par value per share		
Authorized share capital	500,000,000	500,000,000
Fully paid		
Share capital issued	167,559,179	167,559,179
Treasury shares	(82)	(82)
Share capital issued and outstanding	167,559,097	167,559,097
Partially paid		
Subscribed share capital	82,500,000	82,500,000
Subscription receivable	(61,875,000)	(61,875,000)
Subscribed and paid	20,625,000	20,625,000
Share capital, net of treasury shares	188,184,097	188,184,097

Each common share confers upon a common shareholder: a) the right to vote at any shareholder's meeting or on any resolution of the shareholders; and b) the right to distribution of income under such terms and conditions as the BOD may approve. All holders of common shares shall have no pre-emptive rights to acquire new shares (including any common shares, securities convertible or exchangeable into shares, options, warrants or other rights to purchase or subscribe for shares or securities convertible or exchangeable into shares) to be issued by the Parent Company.

The Parent Company's record of registration of its securities under the Securities Regulation Code follows:

Date of approval	February 7, 2018	October 27, 1967
Number of shares registered	330,000,000	170,000,000
Issued/offer price	2.50	2.30

As discussed in Note 1, the Parent Company's BOD, through an amendment of the Parent Company's Articles of Incorporation, approved on March 10, 2017 the increase of the Parent Company's authorized share capital from P170,000,000 divided into 170,000,000 shares with a par value of P1.00 per share to P500,000,000 divided into 500,000,000 shares with a par value of P1.00 per share. This amendment was approved and ratified by the Parent Company's shareholders during the annual shareholders' meeting on June 13, 2017. The amendment was filed and approved by the SEC subsequently on February 7, 2018.

As at December 31, 2019 and 2018, the Parent Company has 307 shareholders owning at least 100 shares each of the Parent Company's common shares.

Share premium

Details of share premium at December 31 are as follows:

	2019	2018
Beginning balance	143,334,770	113,074,880
Additions during the year	-	30,259,890
Ending balance	143,334,770	143,334,770

In 2013, as part of the Parent Company's equity restructuring and to improve and strengthen the financial condition of the Parent Company without affecting the present ownership, the Board of Directors approved the conversion of the Parent Company's due to related parties, advances from shareholders and deposits for future shares subscriptions aggregating to P113,074,880 to additional paid in capital on April 30, 2013. On the same date, the Parent Company's shareholders approved such conversion into equity (under share premium).

On February 7, 2018, the SEC approved the Parent Company's increase in authorized capital stock. As a result, portion of the deposit for future stock subscription was transferred to share premium amounting to P30,259,890.

Proceeds from deposit for future stock subscription

On July 27, 2017, the Parent Company and its parent company, Ketton Holdings, Inc., entered into a subscription agreement to subscribe to 82,500,000 new common shares at P2.50 per share or a total of P206,250,000. Cash received as initial payment for the subscribed shares amounted to P50,884,890, net of share issuance costs amounting to P677,610.

Subscription Receivable

Shares subscribed will be issued once the entire subscription has been fully paid. The movement in the subscribed shares and the resulting subscription receivable are as follow:

	Share capital subscribed		Share premium	Total amount
	No. of shares	Amount		
Total subscription	82,500,000	82,500,000	123,750,000	206,250,000
Subscribed and paid, gross of share issuance costs	(20,625,000)	(20,625,000)	(30,937,500)	(51,562,500)
Subscription receivable	61,875,000	61,875,000	92,812,500	154,687,500

Note 10 - Administrative expenses

The components of administrative expenses for the years ended December 31 are as follows:

	Notes	2019	2018	2017
Salaries and other employee benefits	7	3,239,404	1,295,297	1,067,627
Professional and consultancy fees		2,367,467	1,268,229	1,062,451
Meeting expenses		377,879	526,303	101,628
Taxes, licenses and regulatory fees		356,572	1,203,095	530,357
Transportation expense		347,254	213,709	-
Commission expense		320,796	-	-
Office Supplies		211,174	-	-
Depreciation expense	5	54,652	14,805	3,346
Miscellaneous		574,164	200,332	91,201
		7,849,362	4,721,770	2,856,610

In 2019, 2018 and 2017, taxes, licenses and regulatory fees mainly represent SEC registration fees, business permit and other local taxes.

Note 11 - Income tax*Income tax benefit*

The components of income tax benefit as shown in statements of total comprehensive income for the year ended December 31 are as follows:

	2019	2018
Current tax expense	-	-
Deferred tax benefit	1,328,416	353,339
Deferred tax expense	-	(18,308)
	1,328,416	335,031

Deferred income tax assets

The Group has a total deferred income tax (DIT) asset amounting to P4,674,382 (2018 - P2,932,303), of which P1,663,447 (2018 - P353,339) related to JPI was recognized and P3,010,935 (2018 - P2,578,964) related to the Parent Company was unrecognized.

Recognized DIT asset

DIT asset as at December 31, 2019 amounting to P1,663,447 (2018 - P 353,339) represents the tax effect of the net operating loss-carryover (NOLCO) incurred by JPI.

In compliance with the Tax Reform Act (Act) of 1997, NOLCO for any taxable year shall be carried over as deduction from taxable income for the next three (3) consecutive taxable years immediately following the year of such loss. Details of the Company's NOLCO are as follows:

Year loss was incurred	Year of expiration	2018	Additions during the year	2019
2018	2021	1,177,798	-	1,177,798
2019	2022	-	4,367,026	4,367,026
		1,177,798	4,367,026	5,544,824
Tax rate		30%	30%	30%
		353,339	1,310,108	1,663,447

The realization of the future tax benefit related to the deferred tax asset is dependent on JPI's ability to generate future taxable income prior to the expiration of the NOLCO.

Management has considered these factors in reaching a conclusion to recognize DIT asset in the statement of financial position at December 31, 2019 and 2018.

Unrecognized DIT assets

The Group's unrecognized DIT assets as incurred by the Parent Company as at December 31 are as follows:

	2019	2018
NOLCO	2,998,525	2,639,562
Unrealized foreign exchange loss	24,336	-
	3,022,861	2,639,562

The details of the Parent Company's NOLCO as at December 31 are as follow:

Year loss was incurred	Year of expiration	2018	Additions during the year	Expired during the year	2019
2016	2019	2,495,286	-	(2,495,286)	-
2017	2020	2,856,610	-	-	2,856,610
2018	2021	3,446,644	-	-	3,446,644
2019	2022	-	3,691,829	-	3,691,829
		8,798,540	3,691,829	(2,495,286)	9,995,083
Tax rate		30%	30%	30%	30%
		2,639,562	1,107,549	(748,586)	2,998,525

Realization of the future tax benefits related to the DIT asset is dependent on many factors, including the Parent Company's ability to generate taxable income. Management has considered these factors in reaching a conclusion not to recognize the Parent Company's DIT assets in the consolidated statements of financial position.

Deferred tax liability

The movements in the Group's DIT liability are as follows:

	2019	2018
Beginning of the year	18,308	-
DIT (credited) charged in profit or loss	(18,308)	18,308
End of the year	-	18,308

The reconciliation of income tax computed at the statutory income tax rate to income tax benefit as shown in the statement of total comprehensive income for the years ended December 31 is as follows:

	2019	2018	2017
Loss before income tax at 30% rate	2,248,532	1,223,773	971,672
Adjustments for:			
Interest income subject to final tax	211,769	145,251	92,184
Unrecognized tax benefit on NOLCO	(1,107,549)	(1,033,993)	(856,983)
Unrecognized tax benefit from unrealized foreign exchange loss	(24,336)	-	(206,873)
	1,328,416	335,031	-

Critical judgment- Deferred income taxes

PFRS requires the recognition of deferred income tax (DIT) assets to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Determining the realizability of DIT assets requires the estimation of profits expected to be generated from operations.

Management assessed that the Parent Company will not generate sufficient future taxable profits to realize the DIT assets.

Note 12 - Loss per share

Loss per share was computed as follows:

	2019	2018	2017
Loss for the period	(6,166,689)	(3,744,213)	(3,238,906)
Weighted average number of outstanding shares	250,059,097	243,184,097	167,559,097
Loss per share	(0.0247)	(0.0154)	(0.0193)

There were no potential dilutive shares in 2019, 2018 and 2017.

Note 13 - Foreign currency denominated monetary asset

The Group's foreign currency denominated asset as at December 31, 2019 and 2018 pertains to its cash in bank and cash equivalent.

As at December 31, 2019

	US Dollar	Exchange rate at December 31	Peso equivalent
Cash in bank	6,218	50.74	315,501
Short-term investment	102,407	50.74	5,196,150
	108,625		5,511,651

As at December 31, 2018

	US Dollar	Exchange rate at December 31	Peso equivalent
Cash in bank	2,644	52.58	139,022
Cash equivalent	354,683	52.58	18,649,242
	357,327		18,788,264

Foreign exchange (loss) gain for the years ended December 31 consists of:

	2019	2018	2017
Realized foreign exchange (loss) gain	(270,518)	97,328	-
Unrealized foreign exchange (loss) gain	(81,120)	61,025	(689,578)
	(351,638)	158,353	(689,578)

Note 14 - Critical accounting estimates, assumptions and judgments

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Group believes the following represent a summary of these significant estimates, assumptions and judgments and their related impact and associated risks in the consolidated financial statements:

- *Provision for losses on real estate held for development and sale (Note 3)*
- *Recoverability of input VAT (Note 4)*
- *Provision for impairment of amount due from related parties (Note 7)*
- *Revenue recognition (Note 8)*
- *Recoverability of deferred income tax assets (Note 11)*

Note 15 - Financial risk and capital management

15.1 Financial risk management

The Group's overall risks management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Foreign exchange risk

The Group is exposed to foreign exchange risk primarily with respect to its cash and cash equivalents maintained in U.S. Dollar. The Group's financial position and results of operations are affected by the movement in the U.S. Dollar to Philippine Peso exchange rate. Foreign exchange risk arises when recognized assets denominated in a currency that is not the entity's functional currency.

Transactions denominated in foreign currencies and related exchange rates are monitored by management in order to minimize risk based on Group's policies.

The Group's foreign denominated financial assets are presented in Note 13.

The following table demonstrates the sensitivity to a reasonably possible change in U.S. Dollar currency rates against the Philippine Peso with all variables held constant, of the Group's post-tax profit for the years ended December 31:

	2019	2018
U.S. Dollar strengthened/weakened	+/-0.32%	+/- 0.71%
Effect on pre-tax profit and equity	+/-17,362	+/-132,926

The sensitivity rates used represent the rates of change between the foreign currency at December 31, 2019 and 2018 and the foreign currency exchange rates determined 30 days from the reporting period, by which management is expected to realize the Group's financial assets.

Credit risk

Credit risk refers to the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. Significant changes in the economy that may represent a concentration in the Group's business, could result to losses that are different from those provided for at reporting date.

Credit risk arises from cash deposits with banks and financial institutions, as well as credit exposure on amount due from related parties. The fair values of these financial assets approximate their net carrying amounts.

The Group has the following financial assets as at December 31, 2019 and 2018 where the expected credit loss model has been applied:

Class of financial assets	At gross amounts	Expected credit losses	Net carrying amount	Internal credit rating	Basis for recognition of expected credit loss (ECL)
<i>December 31, 2019</i>					
Cash and cash equivalents*	5,020,715	-	5,020,715	Performing	12-month ECL
Short-term investment	5,196,150	-	5,196,150	Performing	12-month ECL
Interest receivable	25,279	-	25,279	Performing	12-month ECL
Due from related parties	10,296,958	-	10,296,958	Performing	12-month ECL
Restricted cash	1,991,428	-	1,991,428	Performing	12-month ECL
Total	22,530,530	-	22,530,530		

*Excluding cash on hand amounting to P2,000

Class of financial assets	At gross amounts	Expected credit losses	Net carrying amount	Internal credit rating	Basis for recognition of expected credit loss (ECL)
<i>December 31, 2018</i>					
Cash and cash equivalents*	28,850,943	-	28,850,943	Performing	12-month ECL
Due from related parties	24,332,200	-	24,332,200	Performing	12-month ECL
Total	53,183,143	-	53,183,143		

*Excluding cash on hand amounting to P3,719

Cash and cash equivalents

To minimize credit risk exposure from cash and cash equivalents and short-term investment, the Group maintains cash deposits and short-term placements in reputable banks. The Group assesses that cash and cash equivalents have low credit risk considering the bank's external credit ratings.

The Group maintains all of its cash deposits and short-term placements in banks with strong credit ratings to minimize exposure to credit risk. Amounts deposited in these banks as at December 31, are as follows:

	2019	2018
Commercial bank	2,728,973	474,223
Thrift bank	5,196,150	18,788,247
Universal bank	2,291,742	9,588,473
	10,216,865	28,850,943

The remaining balance of cash and cash equivalents as at December 31, 2019 amounting to P2,000 (2018 - P3,719) represent cash on hand, which is not exposed to credit risk (Note 2).

Due from related parties

Due from related parties are collectible on demand and therefore, expected credit losses are based on the assumption that repayment of balances outstanding are demanded at the reporting date. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, including but not limited to, availability of accessible highly liquid asset and internal and external funding of related parties, Parent Company has assessed that the outstanding balances are exposed low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet its operating cash requirements. The Group manages liquidity risk by monitoring expected cash flows and seeks funding from its shareholders to meet its operating commitments.

The Group's financial liabilities as at December 31, which are due and demandable, are as follows:

	Notes	2019	2018
Trade payables and other liabilities	6	3,843,954	966,603
Advances from shareholders	7	66,277,769	46,277,769
		70,121,723	47,244,372

As at December 31, 2019, trade payables and other liabilities presented above exclude amounts payable to BIR amounting to P234,905 (2018 - P 90,782). Liquidity risk is not significant given the limited amount of financial liabilities payable to third parties.

15.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to implement business plans to make the Group profitable in the future.

In order to maintain or adjust the capital structure, the Group may issue new shares. Total capital being managed by the Group as at December 31, 2019 and 2018 consists of:

	Note	2019	2018
Share capital, net of treasury shares	9	188,184,097	188,184,097
Share premium	9	143,334,770	143,334,770
Deficit		(312,083,681)	(305,916,992)
		19,435,186	25,601,875

The Group has identified target projects, ventures, businesses and assets that can be included in the holdings of the Group for which the Group may issue shares in exchange for owning them.

As discussed in Notes 1 and 9, the Parent Company obtained approval from the SEC on February 7, 2018 for the Parent Company's increase in authorized capital stock amounting to P330,000,000. This enables the Group to generate further capital infusion from its shareholders to support its business plans.

As part of the reforms of the Philippine Stock Exchange (PSE) to expand capital market and improve transparency among listed firms, PSE has required listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, to be held by the public.

The Parent Company has complied with the minimum public float as at December 31, 2019 and 2018.

Note 16 - Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

16.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

These consolidated financial statements have been prepared under the historical cost convention.

The Group is monitored as a single operating segment considering the limited transactions for each of the three years in the period ended December 31, 2019.

The preparation of consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 14.

Changes in accounting policies and disclosures

(a) New standards adopted by the Group

The Group has adopted the following standards effective January 1, 2019:

Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. During and as at December 31, 2019, the new interpretation did not have an impact on its financial statements as the Group have no uncertain tax positions.

There are no other applicable and relevant standards, amendments and interpretation, which are issued and effective January 1, 2019 and onwards that have or are expected to have a significant impact on the Group's financial statements during and at the end of the reporting period.

(b) New standards, amendments and interpretations not yet adopted

There are no other standards, amendments and interpretations which are effective for the financial year after January 1, 2019 that are relevant to and have a material impact on the Group's financial statements.

16.2 Consolidation

Subsidiary

Subsidiary is an entity (including structured entity) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations that result in the acquisition of a subsidiary by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized is recorded as goodwill.

Inter-company transactions, balances and unrealized gains on transactions between the Parent Company and its subsidiary are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the subsidiary is re-measured to its fair value at the date when control is lost, with the change in carrying amount generally recognized in profit or loss. The fair value is the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the Group surrenders control to a related party within the Group it ultimately belongs, the difference between the consideration received and the fair value of the subsidiary at divestment date, is recognized as other charges to equity.

16.3 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories: (a) those to be measured subsequently at fair value (either through OCI or through profit or loss), and (b) those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group did not hold financial assets under category (a) during and as at December 31, 2019 and 2018.

The Group's financial assets are detailed in Note 15.1.

Recognition and subsequent measurement

The Group recognizes a financial asset in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequently, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment losses are presented within operating expenses in the statement of total comprehensive income.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset

General approach

The Group applies the general approach to provide for ECLs on due from related parties. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Any gain or loss arising on derecognition is recognized directly in the statement of total comprehensive income and presented in other gains/(losses).

16.4 Financial liabilities

Classification

The Group classifies its financial liabilities as: (i) financial liabilities at fair value through profit or loss and (ii) other financial liabilities measured at amortized cost. The Group does not have any of financial liabilities at fair value through profit or loss.

The Group's financial liabilities comprise of trade payables and other liabilities (Note 6) and advances from shareholders (Note 7) which are carried at amortized cost using the effective interest rate method. These are included in current liabilities, except for maturities greater than 12 months after the reporting date or when the Group has an unconditional right to defer settlement for at least 12 months after the reporting date which are classified as non-current liabilities.

Recognition

Other financial liabilities at amortized cost are recognized in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Measurement

The Group's financial liabilities are initially measured at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest rate method.

Derecognition

Financial liabilities are derecognized when it is extinguished, that is, when the obligation specified in a contract is discharged or cancelled, or when the obligation expires.

16.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

The Group did not enter into any legally enforceable master netting agreements or other similar arrangements that would require offsetting of financial assets and liabilities as at December 31, 2019, 2018 and 2017.

16.6 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

For non-financial assets, the Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the Group will not fulfill an obligation.

As at December 31, 2019 and 2018, the Group has no assets and liabilities measured at fair value.

16.7 Cash and cash equivalent

Cash includes cash on hand and deposits held at call with banks. Cash equivalent is a short-term, highly liquid investment that is readily convertible to known amounts of cash with original maturity of three (3) months or less from the date of placement and is subject to an insignificant risk of changes in value.

See Note 16.3 for relevant accounting policies for classification, recognition, measurement and derecognition of cash and cash equivalent.

16.8 Short-term investment

Short-term investment is a short-term, liquid investment that is convertible to known amounts of cash with original maturity more than three (3) months to less than a year from the date of placement and is subject to minimal risk of changes in value.

See Note 16.3 for relevant accounting policies for classification, recognition, measurement and derecognition of short-term investment.

16.9 Real estate held for development and sale

Real estate held for development and sale is carried at the lower of cost or net realizable value. The cost of real estate under development is determined using the inputs method. Cost includes construction and development costs of the real estate property plus other costs and expenses incurred incidental to the development of the property. Cost is further reduced by any provision for write-down. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make sale.

The excess of cost of real estate under development and sale over the net realizable value is recognized as write-down in profit or loss. Reversals of previously recorded write-downs are credited to profit or loss based on the result of management's update assessment, considering the available facts and circumstances, including but not limited to net realizable value at the time of disposal. Real estate under development is derecognized when sold or written-off. When real estate under development is sold, the carrying amount of the asset is recognized as an expense in the period in which the related revenue is recognized.

16.10 Prepayments and other current assets

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Advances to a contractor represent advance payments to contractor which are settled through provision of construction services and delivery of materials. These are recognized at fair value, which approximate the contractor's invoice amounts, and subsequently capitalized as real estate inventories when the related services or materials are received.

Restricted cash are amounts paid by the Group in compliance with government requirements, which are refundable upon completion of the townhouse project. If part or all of a restricted cash becomes non-refundable, e.g. where no refund will be paid due to violations in the regulations, the right to receive the cash bond or part thereof is impaired, and the carrying amount is reduced and the corresponding loss is recognized in profit or loss. See Note 16.3 for relevant accounting policies for classification, recognition, measurement and derecognition of restricted cash.

Other current assets in the form of advances to employees and advances to suppliers are recognized initially at fair value and subsequently measured at amortized cost, which normally equal its nominal amount, less provision for impairment, if any.

Prepayments and other current assets are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments are derecognized in the consolidated statement of financial position either with the passage of time through use or consumption.

16.11 Input VAT

Input VAT represent taxes imposed on the Group for the acquisition of goods and services. These are stated at face value less any provision for impairment and are utilized when there is a legally enforceable right to offset the recognized amounts against output VAT obligations and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. Input VAT are included in current assets, except when utilization and claims against output VAT are expected to be more than twelve (12) months after the reporting date, in which these are classified as non-current assets.

16.12 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items, which comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Capital expenditures related to a project which are partially received or incurred are classified as construction in-progress and are stated at historical cost. These are not reclassified to the other property, and equipment accounts and depreciated until such time that the relevant assets are substantially completed and ready for intended use.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives (in years), as follows:

	No. of years
Office equipment	5 years
Furniture and fixture	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized under other operating income (expense) in the consolidated statement of total comprehensive income.

16.13 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use requires entities to make estimates of future cash flows to be derived from the particular asset, and discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risk specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Where 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 should 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 immediately as other operating income in the statement of total comprehensive income.

16.14 Current and deferred income tax

The income tax expense for the period normally comprises current and deferred tax. Income tax expense is recognized in profit or loss within income tax (expense) credit, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax (DIT) is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. DIT is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects either accounting nor taxable profit or loss. DIT is determined using tax rates and laws enacted or substantively enacted at the reporting date and are expected to apply when the related DIT asset is realized or DIT liability is settled.

DIT assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. DIT liabilities are recognized in full for all taxable temporary differences, except to the extent that the DIT liability arises from the initial recognition of goodwill.

DIT expense or credit is recognized for the changes in DIT assets and liabilities during the period. Income tax expense includes income tax as currently payable and those deferred because of temporary differences in the financial and tax reporting bases of assets and liabilities.

DIT assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when DIT assets and liabilities relate to income taxes levied by the same taxation authority and where there is an intention to settle the balances on a net basis.

DIT assets are derecognized when it is utilized or when it is no longer probable that future taxable profit can be utilized from the temporary deductible differences. DIT liabilities are derecognized when the temporary taxable differences have been settled.

The Group reassesses at each reporting date the need to recognize a previously unrecognized DIT asset.

16.15 Trade payables and other liabilities

Trade payables and other liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established or when the corresponding assets and expenses are recognized. Trade payables and other liabilities are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. These are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables and other liabilities are derecognized when it is extinguished, that is, when the obligation specified in a contract is discharged or cancelled, or when the obligation expires.

16.16 Contract asset and contract liabilities

Costs incurred as a result of obtaining a contract which are payable upon signing of the contract to sell and deed of absolute sale are capitalized as contract assets considering that this would not have been incurred if the contract had not been obtained. The contract asset is amortized as the related revenue from the contract is recognized.

Contract liabilities presented represent the reservation fees and advance payments for customized improvements that have not yet qualified for revenue recognition. These are classified as current liabilities and will be released to revenue when all criteria for revenue recognition are met.

As a practical expedient, the Group did not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period and an explanation of when the Group expects to recognize a revenue from the performance obligation in accordance with paragraph 120 of PFRS 15 since the performance obligation is part of a contract that expected to be completed within 12 months from the reporting date.

16.17 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Firm has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalized as part of the cost of that asset. Borrowing costs, not directly attributed to a qualifying asset, are recognized and charged to profit or loss in the year in which they are incurred.

Borrowings are derecognized when the obligation is settled, paid or discharged.

16.18 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required upon settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed and derecognized from the statement of financial position.

16.19 Contingencies

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

16.20 Equity

Share capital

Ordinary shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Share premium

Any amount received by the Group in excess of par value of its shares is credited to share premium which forms part of the non-distributable reserve of the Group and can be used only for purposes specified under corporate legislation.

Subscriptions receivable

Subscriptions receivable pertains to the unpaid subscription price by the shareholder.

Share issuance cost

Share issuance costs incurred for the listing and offering process of the Group are recognized as deduction to share premium in accordance with PIC - Question and Answer (PIC - Q&A) 2011-04.

Retained earnings (deficit)

Retained earnings (deficit) include current and prior years' results, net of transactions with shareholders and dividends declared, if any.

Appropriated retained earnings pertain to the portion of the accumulated profit from operations which are restricted or reserved for a specific purpose, such as capital expenditures for expansion projects, and approved by the Group's Board of Directors.

Unappropriated retained earnings pertain to the unrestricted portion of the accumulated profit from operations of the Group which are available for dividend declaration.

Treasury shares

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects are included in equity.

Deposit for future stock subscription

Deposit for future stock subscriptions refers to the payment made by shareholders of the Group on subscription to the increase in the authorized capital which cannot be directly credited to capital stock issued pending registration with the SEC of the amendment to the Articles of Incorporation increasing capital stock.

Under the SEC Financial Reporting Bulletin No. 6 as revised in 2017, an entity should not consider a deposit for future subscription as an equity instrument unless all of the following elements are present:

- a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- b) There is BOD approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- c) There is stockholders' approval of said proposed increase; and
- d) An application for the approval of the increase in capital stock has been presented for filing or filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

After the registration and approval of the increase in capital stock by the SEC last February 7, 2018, the amount was reclassified under share capital account and share premium account.

16.21 Earnings per share

Basic earnings (loss) per share is computed by dividing profit (loss) for the year attributable to the shareholders by the weighted average number of shares outstanding during the year.

The diluted earnings (loss) per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares, if any. The Group has no dilutive potential ordinary shares during and at the end of each reporting period.

16.22 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

16.23 Revenue recognition

a) Contract revenues from sale of real estate properties

The Group develops and sells residential units. Under a contract to sell a residential unit, the object is the property itself, which is the normal output of a real estate business. In addition, this contract contains information such as the contracting parties' rights and payment terms, which are essential elements for a valid revenue contract. The contract must be signed by the contracting parties to make it enforceable prior to revenue recognition. The Group assesses the commercial substance of the contract and the probability that it will collect the consideration.

When a contract with a customer does not meet the criteria for revenue recognition and the Group receives consideration from the customer, the Group shall recognize the consideration received as revenue only when either of the following events has occurred:

- a) The entity has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or
- b) The contract has been terminated and the consideration received from the customer is non-refundable.

The Group satisfies its performance obligation as it develops the property. Therefore, revenue is recognized over time, i.e. as the related obligations are fulfilled, measured principally on the basis of the estimated completion of a physical proportion of the contract work. Land and materials delivered on site, which are yet to be installed/attached to the main structure, are excluded from the percentage-of-completion.

For income taxation purposes, income from sale of real estate properties are recognized in full in the year when substantial down payment from the buyer is received following the provisions of the Tax Code. Otherwise, taxable income is based on cash collections under installment method.

b) Interest income

Interest income is recognized when it is determined that such income will accrue to the Group and is presented net of final tax withheld by the banks.

c) Other income

All other income is recognized as earned or when the right to receive payment is established.

16.24 Costs and expenses

Costs and expenses are recognized when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized: (i) on the basis of a direct association between the costs incurred and the earning of specific items of income; (ii) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position. Costs and expenses are presented in the profit or loss according to their function.

16.25 Employee benefits

Short-term benefits

Provision is made for benefits accruing to employees in respect of wages and salaries when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits expected to be settled within twelve (12) months are measured using their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within twelve (12) months are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Retirement benefit obligation

The Group has yet to adopt a formal retirement plan for the benefit of its qualified employees. Under Republic Act (RA) 7641, otherwise known as the Retirement Pay Law, in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a company, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least 6 months being considered as 1 whole year. The Group computed for the retirement benefit obligation amounting to P152,264 as at December 31, 2019 (2018 - P95,496) in accordance with the minimum requirements of RA 7641 but considered not material for recording and disclosure.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

16.26 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are prepared in Philippine Peso, which is the Group’s functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

16.27 Related party relationships and transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

16.28 Segment Reporting

For purposes of management reporting, the Group’s operating businesses are organized and managed separately on a per company basis. The Group’s reportable segments are consistent with how the management internally disaggregates financial information for the purpose of making internal operating decisions and evaluating performance.

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

16.29 Subsequent events

On March 11, 2020, the World Health Organization (WHO) officially characterized corona virus disease 2019 (COVID-19) as a pandemic. This is following the significant increase in the number of cases and affected countries across the globe since cases of unusual pneumonia caused by then unknown virus, with no explicit evidence of human-to-human transmission, was reported on December 31, 2019.

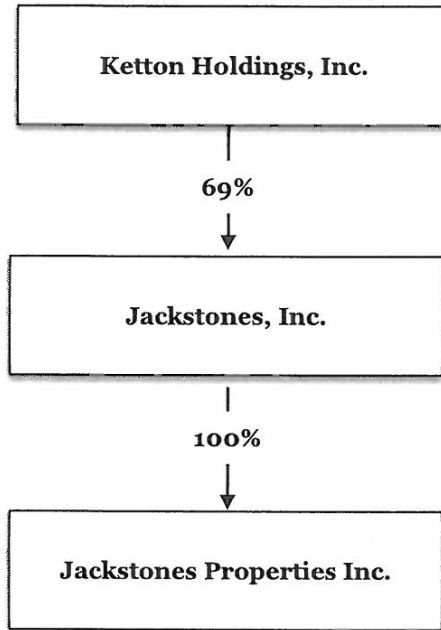
In response, countries across the globe went into lockdown where movement of population were restricted resulting in suspension of business operations. In March 16, 2020, the Island of Luzon, where the Group's operations are located, was declared under enhance community quarantine (ECQ) until May 15, 2020. The Group continues its operation under flexible work arrangement such as, but not limited to, shortened work schedules and work-from-home arrangements for the administrative staff during the ECQ. The open house activities for the advertisement and marketing of its residential development has been cancelled to comply with the directives issued to contain the COVID-19 situation. The Group expects that there would be delays in meeting sales quotas due to the restrictions imposed by government. The subsequent spread of the virus and its identification as a pandemic corona virus disease does not provide additional evidence about the situation that existed at December 31, 2019, and it is therefore a non-adjusting event.

As of date of approval of the consolidated financial statement, the Group is still assessing the impact of this subsequent event on its consolidated financial statements.

SECOND SECTION

Jackstones, Inc. and Subsidiary

a Map Showing the Relationships among the Group and its Ultimate Parent Company
December 31, 2019



SCHEDULE A

Jackstones, Inc. and SubsidiaryFinancial Assets
December 31, 2019

Title of issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end reporting period	Income received and accrued
Cash on hand	Not applicable	2,000	Not applicable	-
Cash in banks	Not applicable	5,020,715	Not applicable	172,989
Short-term investment	Not applicable	5,196,150	Not applicable	532,906
Due from related parties	Not applicable	10,296,958	Not applicable	-
Restricted cash	Not applicable	1,991,428	Not applicable	-

SCHEDULE B

Jackstones, Inc. and Subsidiary

Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Shareholders (other than Related Parties)
December 31, 2019

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Non- current	Balance at end of year
Great Circle Holdings Inc. - Entity under common Control	24,332,200	7,034,758	(21,070,000)	-	10,296,958	-	10,296,958

SCHEDULE C

Jackstones, Inc. and Subsidiary

Amounts Receivable from Related Parties which are eliminated
during the consolidation of financial statements
December 31, 2019

Name and designation of debtor	Balance at beginning of year	Additions	Amounts collected	Amounts written-off	Current	Non-current	Balance at end of year
Jackstones Properties, Inc., Subsidiary	28,458,015	49,277,717	-	-	77,735,732	-	77,735,732

SCHEDULE D

Jackstones, Inc. and Subsidiary

Long-Term Debt
December 31, 2019

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Borrowings, current portion" in the statement of financial position	Amount shown under caption "Borrowings, net of current portion" in the statement of financial position
NOT APPLICABLE			

SCHEDULE E

Jackstones, Inc. and Subsidiary

Indebtedness to Related Parties
December 31, 2019

Name of related party	Balance at beginning of year	Balance at end of year
Ketton Holdings, Inc. *	46,277,769	66,277,769

* The Group receives advances from the shareholders for working capital purposes.

SCHEDULE F

Jackstones, Inc. and Subsidiary

Guarantees of Securities of Other Issuers
December 31, 2019

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 owed by person for which statement is filed	Nature of guarantee
NOT APPLICABLE				

SCHEDULE G

Jackstones, Inc. and SubsidiaryCapital Stock
December 31, 2019

Title of issue	Number of shares authorized	Number of shares issued and outstanding shown under related balance sheet caption	Number of shares reserved for options, warrants conversion, and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common shares	500,000,000	167,559,097	-	90,481,927	26,811,440	50,265,730

Jackstones, Inc. and Subsidiary

Schedule of Financial Soundness Indicator
December 31, 2019 and 2018

Ratio	Formula	2019	2018
Current ratio	Total current assets	96,911,276	71,309,416
	Divided by: Total current liabilities	80,972,908	47,335,154
	Current ratio	1.20	1.51
Acid test ratio	Total current assets	96,911,276	71,309,416
	Less: Real estate held for development and sale	(44,517,085)	(17,394,825)
	Contract assets	(1,393,337)	-
	Prepayments and other current assets	(30,485,031)	(727,729)
	Quick assets	20,515,823	53,186,862
	Divided by: Total current liabilities	80,972,908	47,335,154
	Acid test ratio	0.25	1.12
Solvency ratio	Loss after tax	(6,166,689)	(3,744,213)
	Add: Depreciation expense	54,652	14,805
	Loss after tax, before depreciation	(6,112,037)	(3,729,408)
	Divided by: Total liabilities	80,972,908	47,335,154
	Solvency ratio	(0.08)	(0.08)
Debt-to-equity ratio	Total liabilities	80,972,908	47,353,462
	Divided by: Total equity	19,435,186	25,601,875
	Debt-to-equity ratio	4.17	1.85
Asset-to-equity ratio	Total assets	100,408,094	72,955,337
	Divided by: Total equity	19,435,186	25,601,875
		5.17	2.85
Interest rate coverage ratio	Loss before interest and tax	(7,495,105)	(4,079,244)
	Divided by: Interest expense	-	-
	Interest rate coverage ratio	Not applicable	Not applicable
Return on equity	Loss after tax	(6,166,689)	(3,744,213)
	Divided by: Average total equity	22,518,531	27,473,982
		-27%	-13.63%
Return on asset	Loss after tax	(6,166,689)	(3,744,213)
	Divided by: Average total assets	86,681,716	64,530,393
		-7%	-6%
Net profit margin	Loss after tax	(6,166,689)	(3,744,213)
	Divided by: Net revenue	-	-
		Not applicable	Not applicable

Jackstones, Inc. and Subsidiary
593 Antonio Drive, Bagumbayan
Taguig City, Philippines

Reconciliation of Parent Company's Retained Earnings Available for Dividend Declaration
As at December 31, 2019
(All amounts in Philippine Peso)

Items	Amount
Deficit, beginning	(304,917,747)
Adjustments	-
Deficit, as adjusted, beginning	(304,917,747)
Net loss during the period closed to deficit	(3,278,245)
Less: Non-actual/unrealized income net of tax	
• Equity in net income of associate/joint venture	-
• Unrealized foreign exchange gain - net (except those attributable to cash and Cash Equivalents)	-
• Unrealized actuarial gain	-
• Fair value adjustment (M2M gains)	-
• Fair value adjustment of Investment Property resulting to gain adjustment due to deviation from PFRS/GAAP-gain	-
• Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-
• Remeasurement gain on retirement benefit	-
Add: Non-actual losses	-
• Depreciation on revaluation increment (after tax)	-
• Adjustment due to deviation from PFRS/GAAP-loss	-
• Loss on fair value adjustment of investment property (after tax)	-
Actual net losses during the period	(3,278,245)
Less: Dividends declared during the period	-
Deficit, as adjusted, ending	(308,195,992)