SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q, *AS AMENDED*

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

1. For the fiscal year ended 31 March 2023

2. SEC Identification Number 24986 3. BIR Tax Identification No. 000-275-073

4. Exact name of issuer as specified in its charter JACKSTONES, INC. (Formerly: NextStage, Inc.)

5. Taguig City, Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 593 Antonio Drive, Bagumbayan, Taguig City — 1630
Address of principal office — Postal Code

8. **8277 9455**
Issuer's telephone number, including area code

9. N/A
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	250,059,097

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

Yes [/] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange 167,559,179

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [/] No [ ]

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

Yes [ ] No [/]

PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

Please see that attached Interim Financial Statements of the Company as of 31 March 2023.

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

Plan of Operation

The Company has no plan to acquire new lands for development in the next 12 months. It will instead offer auxiliary real estate services, specifically leasing through its subsidiary, in order to augment its sources of revenue.

Management's Discussion and Analysis

JAS's key performance indicators are as follows:

a. Current Ratio
b. Acid-Test Ratio
c. Net Debt to Equity Ratio
d. Debt to Asset Ratio
e. Asset to Equity Ratio

Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

The following are the key performance indicators of JAS consolidated financial statement and JPI in relation to its financial condition as of March 31, 2023 and December 31, 2022, 2021 and 2020:

	JAS and its Subsidiary				JACKSTONE PROPERTY INC.			
	March 31	December 31			March 31	December 31		
	2023	2022	2021	2020	2023	2022	2021	2020
i. Current Ratio	**1.11**	1.10	1.10	1.11	**1.09**	1.07	1.03	0.98
ii. Acid-Test Ratio	**0.77**	0.75	0.40	0.13	**0.69**	0.66	0.30	0.07
iii. Debt to Equity Ratio	**7.10**	7.29	12.53	7.57	**8.36**	9.39	535.20	(487.45)
iv. Debt to Asset Ratio	**0.88**	0.88	0.93	0.88	**0.89**	0.90	1.00	1.00
v. Asset to Equity Ratio	**8.10**	8.29	13.53	8.57	**9.36**	10.39	536.20	(486.45)

The analyses of the foregoing performance indicators are described in the financial and operational results of the Company presented in the subsequent paragraphs.

<u>Current Ratio</u>

The current ratio is a liquidity ratio that measures a company's ability to pay short-term obligations or those due within one year. This tells investors how a company can maximize the current assets on its balance sheets to satisfy its current debt and other payables; calculated by dividing current assets by current liabilities.

<u>Acid-Test Ratio</u>

The acid-test ratio provides a simple and more accurate assessment of the Company's ability to pay its current liabilities. This is calculated as cash plus accounts receivable and short-term investment divided by current liabilities.

Debt to Equity Ratio

The debt-to-equity ratio is calculated by dividing a company's total liabilities by its shareholder equity. The ratio is used to evaluate a company's financial leverage and measure the degree to which a company is financing its operations through debt versus wholly-owned funds.

Debt to Asset Ratio

This ratio quantifies the percentage of the Company's assets that have been financed with short-term and long-term debts. This is calculated by dividing total debts by total assets.

Asset to Equity Ratio

The asset to equity ratio shows the relationship of the total assets of the company to the portion owned by shareholders. This ratio is an indicator of the company's leverage used to finance JAS.

Financial and Operational Results

Results of Operations

Comparison of key financial performance for the three (3) months period ended March 31, 2023, 2022, 2021 and 2020 are summarized in the following tables (in Php):

	2023	**2022**	**2021**	**2020**
Revenue	**10,987,990**	14,036,463	4,064,533	-
Direct cost	**(4,744,148)**	(9,979,893)	(3,643,871)	-
Gross Profit	**6,243,842**	4,056,570	420,662	-
Administrative Expenses	**(5,208,760)**	(2,997,089)	(3,893,405)	(3,126,115)
Operating Income (Loss)	**1,035,082**	1,059,481	(3,471,43)	(3,126,115)
Foreign Exchange Gain (Loss)	**(18,469)**	-	2,651	32,562
Finance Cost	**-**	-	(7,632)	-
Interest Income	**25,245**	2,386	32,553	2,419
Other income	**7**	-	-	-
Income Tax Benefit	**(542,785)**	(264,870)	-	632,262
Net Income (Loss)	**499,080**	796,997	(3,445,171)	(2,458,872)

The revenue recognized in the Company's financial statements in 2023 refers to the lease agreement by and between JPI and a third-party entity of the property owned by Great Circle Holdings Inc. ("GCH"), JPI's related party under common control. JPI is assigned as the authorized representative for the real property owned by GCH situated in Taguig City for a total area of 7,847.96 square meters. The lease agreement is for 12 months with escalation rate of at least 2.5% annually, which may be renewed upon terms and conditions agreed upon by the parties. The rental income recognized as of March 31, 2023 amounted to P4.056 million (March 31, 2022: P4,166 million). As of March 31, 2023, the Company sold 1 unit of Michelia Residences, with revenue amounting to P6.931 million (March 31, 2022: 5 units with revenue amounting to P9.870 million).

The Company's negative income in 1Q 2020 to 2021 coincide with its forecast because the revenue from the Michelia Residences (the "Project") could not be recognized until there is turnover of unit/s.

There were no operations in year 2020 due to the COVID-19 pandemic. The significant portion of the administrative expenses of the Company pertains to salaries and benefits, repairs and maintenance, professional and consultancy fees and taxes and licenses.

Financial Condition

JAS's objective when managing capital are to support JAS's ability to effectively deploy capital and to protect the interest of its shareholders.

Management shall utilize the capital structure that generates the most value for shareholders and this may entail adjustments to dividends paid to shareholders, loans obtained from banks, and the issuance of new shares. Total capital being managed by JAS as its total equity is shown in the attached statement of financial position.

JAS is also currently negotiating with various investment groups to raise new capital and is also seriously considering another public offering to raise more funds for its investments and holdings. JAS continues to review projects, ventures, businesses and assets that can be included in the holdings of it of which JAS may issue shares in exchange for owning them.

As March 31, 2023, the consolidated financial statements of JAS show its assets consisting of:

- cash and cash equivalent in the amount of P89,723,734;
- short term investment of P29,845,257;
- receivable of P1,352,262;
- real estate held for development and sale of P45,531,079;
- due from related parties of P16,724;
- contract assets of P1,776,819;
- prepayment and other current asset of P5,676,974;
- property and equipment – net P2,019,931;
- right-of-use asset – net P133,590;
- input VAT, non-current of P1,753,038;
- other non-current asset of P953,260; and
- deferred income tax assets P574,023.

Total assets as of March 31, 2023 amounted to P179,356,691 compared to P175,813,411 total assets as of March 31, 2022.

Comparison of key financial position for the three (3) months period ended March 31, 2023 and calendar year ended December 31, 2022, 2021 and 2020 are summarized in the following tables:

	March 31	December 31		
	2023	**2022**	**2021**	**2020**
Current Assets	**173,922,849**	173,556,626	168,505,832	124,959,674
Non-current Assets	**5,433,842**	5,942,023	5,217,372	12,477,346
Total Assets	**179,356,691**	179,498,649	173,723,204	137,437,020
Current Liabilities	**157,205,340**	157,846,378	152,857,869	112,968,440
Non-current Liabilities	**-**	-	8,027,452	8,439,252
Total Liabilities	**157,205,340**	157,846,378	160,885,321	121,407,692
Deficit	**(309,367,516)**	(309,866,596)	(318,680,984)	(315,489,539)
Equity	**22,151,351**	21,652,271	12,837,883	16,029,328
Total Liabilities and equity	**179,356,691**	179,498,649	173,723,204	137,437,020

JAS has no additional advances from shareholders during the period while the current liabilities pertain to additional customers deposit from the sale of Michelia Residence units.

Likewise, the constant increase in current assets from 2020 to 2023 is primarily due to the construction and development cost of Michelia Residences, collection proceeds from sale of house units and investments in time deposits. In the same matter, the movement in liabilities of the Company pertains to collection of deposits from customers and reversal of deposits to revenue.

Likewise, the comparative increase (decrease) of financial analysis of balance as follows:

	March 31, 2023 vs December 31, 2022	March 31, 2022 vs December 31, 2021	March 31, 2021 vs December 31, 2020
Current Assets	0.21%	2.17%	11.92%
Non-current Assets	(8.55%)	(30.11%)	11.78%
Total Assets	(0.08%)	1.20%	9.76%
Total Liabilities	(0.41%)	1.86%	13.89%
Deficit	(0.16%)	1.42%	1.09%
Equity	2.30%	(7.06%)	(21,49%)

Other Relevant Information

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of JAS with unconsolidated entities or other persons created during the reporting period. Likewise, there are no material commitments for capital expenditures.

Impact of COVID-19

In early 2020, there was an outbreak of the COVID-19 which was declared by the World Health Organization ('WHO') as a pandemic in March 2020. Due to this outbreak, the government implemented strong measures to control the spread of the COVID-19 such as the Enhanced Community Quarantine (ECQ). These measures highly affected the economy of the Philippine market due to slow-down of the business activities.

As expected, JAS's operation was disrupted by the said measures. Nevertheless, JAS's residential development project, Michelia Residences, was repurposed to include mixed-used units. Moving forward, JAS would remain vigilant as to the uncertainty posed by the COVID-19 pandemic. Notwithstanding such challenges, JAS maintains its vision of delivering the highest standard of service to its shareholders.

PART II. OTHER INFORMATION

JAS did not have any material information that was not previously reported in a report on SEC Form 17-C.

SIGNATURES

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

JACKSTONES, INC.

Maximilian So Tanenglian	**Maria Gracia L. Morfe**
President	Accountant
12 May 2023	12 May 2023
Date signed	Date signed

Jackstones, Inc. and Subsidiary

Consolidated Unaudited Financial Statements
As at March 31, 2023 and December 31, 2022 and for each of the three months in the period ended March 31, 2023 and 2022

Jackstones, Inc. and Subsidiary

Consolidated Statements of Financial Position
As at March 31, 2023 and December 31, 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	2	89,723,734	95,296,135
Short-term investment	2	29,845,257	19,398,721
Receivables	3	1,352,262	4,048,792
Real estate held for development and sale	4	45,531,079	48,409,188
Due from related parties	8	16,724	-
Contract assets	9	1,776,819	1,586,549
Prepayments and other current assets	5	5,676,974	4,817,241
Total current assets		173,922,849	173,556,626
Non-current assets			
Property and equipment, net	6	2,019,931	2,437,578
Right-of-use asset, net	16	133,590	333,975
Input value-added tax (VAT)	5	1,753,038	1,693,283
Deferred tax asset	15	574,023	523,927
Other non-current assets	5	953,260	953,260
Total non-current assets		5,433,842	5,942,023
Total assets		179,356,691	179,498,649
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables and other liabilities	7	6,920,091	7,653,774
Advances from shareholders	8	131,677,769	131,677,769
Contract liabilities	9	8,099,378	8,006,733
Lease liabilities, current portion	8,16	2,392,874	2,392,874
Security deposit and advance rental	16	8,113,569	8,113,569
Income tax payable	15	1,659	1,659
Total liabilities		157,205,340	157,846,378
Equity			
Share capital, net	1,10	188,184,179	188,184,179
Share premium	10	143,334,770	143,334,770
Treasury shares	10	(82)	(82)
Deficit		(309,367,516)	(309,866,596)
Total equity		22,151,351	21,652,271
Total liabilities and equity		179,356,691	179,498,649

The notes on pages 1 to 35 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Total Comprehensive Income
For each of the three months ended March 31, 2023 and 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Revenue	11	10,987,990	14,036,463
Cost of sales and services	12	(4,744,148)	(9,979,893)
Gross profit		6,243,842	4,056,570
Operating expenses	13	(5,208,760)	(4,624,840)
Other income	14	25,252	4,095
Foreign exchange loss	18	(18,469)	(77,829)
Income (loss) from operations		1,041,865	(642,004)
Finance costs	7,16	-	-
Income (loss) before income tax		1,041,865	(642,004)
Income tax expense	15	(542,785)	(264,870)
Income (loss) for the year		499,080	(906,874)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		499,080	(906,874)
Income (loss) per share (basic and diluted)	17	0.0020	(0.0036)

The notes on pages 1 to 35 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Changes in Equity
For each of the three months in the period ended March 31, 2023 and 2022
(All amounts in Philippine Peso)

	Share Capital (Note 10)							
	Subscribed		Subscription receivable	Paid-in				
	No. of shares	Amount	Amount	Amount	Share premium (Note 10)	Treasury shares (Note 10)	Deficit	Total equity
Balances at January 1, 2022	250,059,179	250,059,179	(61,875,000)	188,184,179	143,334,770	(82)	(318,680,984)	12,837,883
Comprehensive loss								
Loss for the period	-	-	-	-	-	-	(906,874)	(906,874)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	(906,874)	(906,874)
Balances at March 31, 2022	250,059,179	250,059,179	(61,875,000)	188,184,179	143,334,770	(82)	(319,587,858)	11,931,009
Balances at January 1, 2023	250,059,179	250,059,179	(61,875,000)	188,184,179	143,334,770	(82)	(309,866,596)	21,652,271
Comprehensive loss								
Income for the period	-	-	-	-	-	-	499,080	499,080
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	499,080	499,080
Balances at March 31, 2023	250,059,179	250,059,179	(61,875,000)	188,184,179	143,334,770	(82)	(309,367,516)	22,151,351

The notes on pages 1 to 35 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Consolidated Statements of Cash Flows
For each of the three months period ended March 31, 2023 and December 31, 2022
(All amounts in Philippine Peso)

	Notes	2023	2022
Cash flows from operating activities			
Income before income tax		1,041,865	12,751,373
Adjustment for:			
Depreciation expense	6	417,647	3,079,838
Amortization of right-of-use assets	16	200,385	732,787
Unrealized foreign exchange loss (gain)	18	18,469	(34,614)
Interest expense on lease liability	8,16	-	8,688
Interest income	2, 14	(25,245)	(924,074)
Operating income before changes in assets and liabilities		1,653,121	15,613,998
(Increase) decrease in:			
Due from related parties	8	(16,724)	254,732
Rent receivable	3	2,696,530	(4,048,792)
Real estate held for development and sale	4	2,878,109	47,713,351
Contract asset	9	(190,270)	(177,178)
Prepayments and other current assets	5	(881,472)	4,783,093
Input value-added tax, non-current	5	(59,755)	133,041
Increase (decrease) in:			
Trade payables and other liabilities	7	(733,683)	1,388,611
Contract liabilities	9	92,645	(5,325,556)
Security deposit and advance rental	16	-	86,117
Net cash generated from operations		5,438,501	60,155,335
Interest received	2	46,984	750,886
Income taxes paid	15	(592,881)	(3,659,785)
Net cash from operating activities		4,892,604	57,246,436
Cash flow from investing activities			
Acquisition of short-term investment	2	(29,845,257)	(25,124,925)
Maturity of short-term investment	2	19,398,721	11,024,033
Acquisition of property and equipment	6	-	(2,924,976)
Net cash used in investing activities		(10,446,536)	(17,025,868)
Cash flow from a financing activity			
Advances from shareholders	8	-	-
(Decrease) increase in cash		(5,553,932)	40,220,568
Cash and cash equivalents at January 1		95,296,135	55,040,953
Effect of foreign exchange changes on cash and cash equivalents	18	(18,469)	34,614
Cash and cash equivalents at December 31	2	89,723,734	95,296,135

The notes on pages 1 to 35 are integral part of these consolidated financial statements.

Jackstones, Inc. and Subsidiary

Notes to Consolidated Financial Statements
As at March 31, 2023 and December 31, 2022
(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) (b) of the Revised Securities and Regulation Code (SRC) Rule 68 and also covered by additional requirement under the Revised SRC Rule 68, Part II.

On April 16, 2014, the SEC approved the Parent 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 Parent 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 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.

The Parent Company’s registered office, which is also its principal place of business is located at 593 Antonio Drive, Bagumbayan, Taguig City.

As at March 31, 2023, the Company has 307 shareholders (2022 - 307) owning at least 100 shares each. Of the total shares outstanding, 20.77% were publicly held as at March 31, 2023 (2022 - 20.77%).

1.2 Subsidiary information

The Parent Company holds 100% ownership in the shares of stock of Jackstones Properties, Inc. (the "Subsidiary" or "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 Status of operations

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. As at December 31, 2021, the constructions of Michelia Residences, a townhouse project has been substantially completed. The project has generated income in 2023 and 2022.

In 2021, JPI entered into a Land Management Agreement with its related party, Great Circle Holdings Inc. which generated additional income for the subsidiary during the year (Note 8). In 2022, the agreement was renewed effective up to 2023.

In 2022, JPI entered into another Land Management Agreement with its related party, Bluebell Properties and Holding Corporation to generate additional income for the subsidiary.

The Parent Company is also currently negotiating with various investment groups to raise new capital and is also considering another public offering to raise more funds for its investments and holdings. The Parent Company continues to review 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 of 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.

Note 2 - Cash and cash equivalents; short-term investment

Cash and cash equivalents

Cash and cash equivalents at March 31, 2023 and December 31, 2022 consist of:

	2023	2022
Cash on hand	4,000	4,000
Cash in banks	16,227,818	35,853,139
Cash equivalents	73,491,916	59,438,996
	89,723,734	95,296,135

Cash in banks earn interest at the respective bank deposit rate. Cash equivalents represent short-term investment with local bank having maturity of less than three (3) months from the date of placement and earning interest ranging from 3.2% to 4% per annum.

Accrued interest from cash and cash equivalents as at March 31, 2023 amounted to P170,867 (December 31, 2022 - P144,167) and presented as part of prepayments and other current assets (Note 5) in the statements of financial position.

Short-term investment

As at March 31, 2023, the Group has short-term investment amounting to P29,845,257 (December 31, 2022 - P19,398,721) with a local bank having a maturity of six (6) months from the date of placement and earning interest of 0.625% to 4% (2022 - 0.625% to 4%) per annum.

Movement of short-term investment was as follows:

	2023	2022
Beginning	19,398,721	5,297,829
Acquisition	29,845,257	25,124,925
Maturity	(19,398,721)	(11,024,033)
	29,845,257	19,398,721

Interest income earned from bank deposits, cash equivalents and short-term investment for the three-months period ended March 31, 2023 amounted to P25,245 (2022 - P4,095) (Note 14).

Accrued interest from cash and cash equivalents and short-term investment as at March 31, 2023 amounted to P170,867 (December 31, 2022 - P192,606) and are presented as part of prepayments and other current assets (Note 5) in the consolidated statements of financial position.

Note 3 - Receivables

Receivables as at March 31, 2023 amounting to P1,352,262 (December 31, 2022 - P4,048,792) pertain to amounts due from customers for unit sold in the ordinary course of business. These are generally due for settlement within 120 days and therefore all are classified as current. Trade receivables are fully performing.

The receivables are non-interest bearing, and to be settled in cash. None of the trade receivables of the Group have been pledged as security for credit facilities.

Note 4 - Real estate held for development and sale

Real estate held for development and sale represent the construction of Michelia Residences (Note 1), a townhouse project, in which JPI has been granted license to sell by the Housing and Land Use Regulatory Board (HLURB) of the Philippines. In 2023 and 2022, these include real estate held for sale on completed projects.

The movements in real estate held for development and sale for the period ended March 31, 2023 and December 31, 2022 are as follows:

	Note	2023	2022
Balance, beginning		48,409,188	96,122,539
Additions during the year		1,292,663	8,018,937
Charged to cost of sales	12	(4,170,772)	(55,732,288)
Balance, ending		45,531,079	48,409,188

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 March 31, 2023 and December 31, 2022, the Group has assessed that there is no need to provide any allowance for losses on land held for development and sale.

Critical accounting estimate: Evaluation of net realizable value (NRV) of real estate held for development and sale

The Group adjusts the cost to net realizable value based on its assessment of the recoverability of the real estate held for development and sale. NRV for completed real estate held for development and sale is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

Note 5 - Prepayments and other current assets; Input VAT, non-current

Prepayments and other current assets as at March 31, 2023 and December 31, 2022 consist of:

	2023	2022
Creditable withholding taxes	3,674,861	2,840,870
Advances to a contractor	1,628,963	1,576,387
Interest receivable	170,867	192,606
Advances to employees and officer	162,980	161,070
Prepayments	1,800	3,600
Others	37,503	42,708
	5,676,974	4,817,241

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.

Advances to employees and officer pertain to cash advances for operating expenses which are expected to be liquidated within 12 months from date of receipt.

Deposits pertain to non-interest-bearing guarantee deposits made by the Group for electricity and water service, which is expected to be collected within 12 months from reporting date.

Input VAT, non-current asset

The Group presented the input VAT amounting to P1,753,038 and P1,693,283 at March 31, 2023 and December 31, 2022, consecutively, 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.

Other noncurrent asset

As at March 31, 2023 and December 31 2022, other non-current asset amounting to P953,260 pertains to deposits made by the Group for electricity and water service.

Critical accounting judgment: Recoverability of input VAT and Creditable withholding taxes

In determining the recoverable amount of input VAT and creditable withholding taxes, management considers the probability of future transactions that will be available against which the input VAT and creditable withholding taxes can be utilized, including adequacy of and compliance with the required documentation for anticipated tax audits in case the entities within the Group opted to file for refund with the tax authorities in the future.

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 and creditable withholding taxes on the following basis:

- Input VAT carried in the VAT returns and creditable withholding taxes carried in income tax returns do not expire and can be used against future output VAT obligations and income tax payable, respectively. As disclosed in Note 1, the Group has identified target projects and business ventures that will generate revenues subject to VAT and income tax; and

- The Group has the option to apply for a tax refund on unused input VAT within a period of two (2) years.

Note 6 - Property and equipment, net

Property and equipment as at March 31, 2023 and December 31, 2022 consist of:

	Furniture and fixtures	Office equipment	Leasehold improvements	Total
At January 1, 2022				
Cost	84,588	737,242	11,879,634	12,701,464
Accumulated depreciation	(31,441)	(326,771)	(9,750,812)	(10,109,024)
Net carrying value	53,147	410,471	2,128,822	2,592,440
For the year ended December 31, 2022				
Opening net carrying value	53,147	410,471	2,128,822	2,592,440
Additions	30,223	82,253	2,812,500	2,924,976
Depreciation	(18,172)	(154,633)	(2,907,033)	(3,079,838)
Closing net carrying value	65,198	338,091	2,034,289	2,437,578
At December 31, 2022				
Cost	114,811	819,495	14,692,134	15,626,440
Accumulated depreciation	(49,613)	(481,404)	(12,657,845)	(13,188,862)
Net carrying value	65,198	338,091	2,034,289	2,437,578
For the period ended March 31, 2023				
Opening net carrying value	65,198	338,091	2,034,289	2,437,578
Depreciation	(5,385)	(39,271)	(372,991)	(417,647)
Closing net carrying value	59,813	298,820	1,661,298	2,019,931
At March 31, 2023				
Cost	114,811	819,495	14,692,134	15,626,440
Accumulated depreciation	(54,998)	(520,675)	(13,030,836)	(13,606,509)
Net carrying value	59,813	298,820	1,661,298	2,019,931

Depreciation expense charged to profit or loss are as follows:

	Notes	2023	2022
Cost of sales and services	12	372,991	2,907,033
Operating expenses	13	44,656	172,805
		417,647	3,079,838

Critical accounting estimate: Useful lives of property and equipment

The Group determines the estimated useful lives for its property and equipment based on the period over which the assets are expected to be available for use. The Group annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

Management has assessed that the useful lives of property and equipment are appropriate.

Critical accounting judgment: Impairment of property and equipment

The Group likewise reviews the carrying values of property and equipment and assesses them for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management uses judgment based on available facts and circumstances, but not limited to evaluation of the future recoverability of property and equipment, in assessing whether a provision for impairment is required.

Management believes that there are no significant events or changes in circumstances which indicate that the carrying amount may not be recoverable at reporting date.

Note 7 - Trade payables and other liabilities

`

Trade payables and other liabilities as at March 31, 2023 and December 31, 2022 consist of:

	Note	2023	2022
Trade payables		634,085	434,085
Accrued expenses and other liabilities		3,196,050	4,078,348
Payable to regulatory agency		1,833,727	1,885,112
Due to a related party	8	878,451	878,451
Advances from customers		377,778	377,778
		6,920,091	7,653,774

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

Accrued expenses and other payables mainly consist of accruals for security and janitorial services, audit fee and other professional fees to consultants.

Advances from customers consist of deposits for utilities to be remitted to Homeowners Association (HOA) once the related property has been turned over to the buyer

There are neither guarantees nor assets pledged to secure the Group's liabilities at March 31, 2023 and December 31, 2022.

The carrying amounts of trade payables and other liabilities approximate their fair values due to their short-term maturities.

Note 8 - Related party transactions

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

	Transactions			Due from (due to)		Terms and conditions
	March 2023	December 2022	December 2021	March 2023	December 2022	
Due from *Entity under common control*	16,724	-	-	16,724	-	Due from an entity under common control are related to payments made on behalf of the related party. These are non-interest bearing, unsecured, collectible in cash and on demand.
Land management agreement (lease liability) (Note 16) *Entity under common Control*	-	801,539	-	(2,392,874)	(2,392,874)	Due to an entity under common control are related to Land Management Agreement with Great Circle Holdings, Inc. (Note 16). These are non-interest bearing, unsecured and payable in cash.
Interest on lease (Note 16) *Entity under common control*	-	8,688	21,493	(53,690)	(53,690)	This pertains to the interest on lease liabilities as discussed in Note 15.
Contingent rent fees (Note 16) *Entity under common control*	-	-	824,761	(824,761)	(824,761)	This pertains to contingent fee in relation to the land management agreement with Great Circle Holdings, Inc. (GCH) as discussed in Note 15. These are non-interest bearing, unsecured, payable in cash and on demand.
Advances from *Shareholders*	-	-	28,700,000	(131,677,769)	(131,677,769)	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.
Key management compensation Salaries and other short-term benefits (Note 13)	1,333,535	5,098,147	3,483,627	(160,287)	(160,287)	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 March 31, 2023, December 31, 2022 and 2021.

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.

The following related party balances as at March 31, 2023 and December 31, 2022 were eliminated for the purpose of preparing the consolidated statements of financial position:

	2023	2022
Due from subsidiary	130,177,830	126,435,732
Advances from parent company	130,177,830	126,435,732
Investment in subsidiary	3,326,994	3,326,994
Share capital of the subsidiary	3,125,000	3,125,000

There were no related party transactions identified to be eliminated for the purpose of preparing the consolidated statements of total comprehensive income of the Group as at March 31, 2023 and December 31, 2022.

Note 9 - Contract assets; contract liabilities

Contract assets

The Group incurs brokers' commission for each contract to sell successfully referred by the broker. A portion of the commission is paid upon signing of the contract to sell, and the remaining portion is paid upon issuance of the deed of absolute sale to the buyer.

The amount of brokers' commission paid by the Group is recognized as contract assets. Contract assets will be charged to "commission expense" when revenue recognition is met for each customer contract.

The movements in contract assets for the period ended March 31, 2023 and December 31, 2022 are as follow:

	Note	2023	2022
Beginning of the year		1,586,549	1,409,371
Additions during the year		507,051	3,103,443
Charged to expenses during the year	13	(316,781)	(2,926,265)
End of the year		1,776,819	1,586,549

Contract liabilities

Contract liabilities consist of customer deposits and advance payments for additional improvement on bare units which have not been completed as at March 31, 2023. A portion of the contract liabilities are refundable if the customers will exercise their right to a refund based on the contract terms and applicable laws in the Philippines. The Group will recognize the revenue as the construction is completed and the collectability of the consideration is certain, which is expected to occur over the next 12 months from the reporting date.

The movements in contract liabilities for the period ended March 31, 2023 and December 31, 2022 are as follow:

	Note	2023	2022
Beginning of the year		8,006,733	13,332,289
Additions during the year		7,023,851	62,840,477
Recognized as revenue during the year	11	(6,931,206)	(68,166,033)
End of the year		8,099,378	8,006,733

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.

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 March 31, 2023 and December 31, 2022, the Group recognized the consideration received from the customers as contract liabilities and will continue to assess if the revenue recognition criteria are subsequently met.

Note 10 - Equity

Share capital, net of treasury shares

Details of share capital as at March 31, 2023 and December 31, 2022 are as follows:

	Note	Shares	Amount
Common shares at P1 par value per share			
Authorized share capital	1	500,000,000	500,000,000
Subscribed and issued			
Share capital issued		167,559,179	167,559,179
Treasury shares		(82)	(82)
Share capital issued and outstanding, net		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		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

Share premium

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 P112,397,270 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 Parent Company received a subscription payment from stockholders resulting to share premium amounting to P30,937,500.

As at March 31, 2023 and December 31, 2022, share premium amounted to P143,334,770.

Subscription Receivable

Details of the subscribed shares and subscription receivable as at March 31, 2023 and December 31, 2022 are as follows:

	Share capital subscribed		Share	
	No. of shares	Amount	premium	Total 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 11 - Revenue

The Group's revenue from contracts with customers for the three months ended March 31 are as follows:

	Notes	2023	2022
Sale of real property held for development and sale	9	6,931,206	9,870,317
Rental income	16	4,056,784	4,166,146
		10,987,990	14,036,463

Rental income is recognized on a straight-line basis over the lease term as provided under the terms of the lease contract. As of March 31, 2023, the Company has rent receivable equivalent to one month rent amounting to P1,352,262 (2022 - P1,388,715).

Note 12 - Cost of sale and services

Cost of sale and services for the three months ended March 31 consist of:

	Notes	2023	2022
Cost of real property held for development and sale	4	4,170,772	8,317,450
Cost of services			
Depreciation	6	372,991	1,463,526
Amortization of right-of-use asset	16	200,385	198,917
		4,744,148	9,979,893

Cost of real property held for development and sale includes allocated cost of land acquisition, site developmental cost, house construction cost, and other costs attributable to bringing the real estate inventories to its intended condition.

Note 13 - Operating expenses

The components of administrative expenses for the three months ended March 31 are as follows:

	Notes	2023	2022
Salaries and other employee benefits		2,247,289	1,130,222
Taxes, licenses and regulatory fees		1,492,238	774,351
Professional and consultancy fees		470,844	1,799,495
Commission expense	9	316,781	573,869
Repairs and maintenance		154,782	30,804
Meeting		88,339	40,835
Depreciation	6	44,656	41,966
Office supplies		5,126	44,414
Transportation		3,097	29,141
Miscellaneous		385,608	159,743
		5,208,760	4,624,840

Miscellaneous expense mainly pertains to advertising and promotion, bank charges, representation and web/internet expenses.

Note 14 - Other income

The components of other income for the three-month period ended March 31 are as follows:

	Note	2023	2022
Interest income	2	25,245	4,095
Other income		7	-
		25,252	4,095

Note 15 - Income tax

On March 26, 2021, RA No. 11534, otherwise known as CREATE, was signed into law. Among the salient provisions of CREATE include reduced Corporate Income Tax (CIT) rate from 30% to 25% effective July 1, 2020 and temporary Minimum Corporate Income Tax (MCIT) rate from 2% to 1% from July 1, 2020 to June 30, 2023.

The components of income tax (expense) benefit as shown in statements of total comprehensive income for the three months ended March 31 are as follows:

	2023	2022
Current tax expense	592,881	314,600
Deferred tax expense	(50,096)	(49,730)
	542,785	264,870

Deferred income tax assets

The Group has a total deferred income tax (DIT) asset amounting to P4,078,084 (March 31, 2022 - P4,393,807; December 31, 2022 - P3,735,012), of which P572,364 and P1,659 (March 31, 2022 - P848,198 and nil; December 31, 2022 - P522,268 and P1,659) related to JPI and parent, respectively, was recognized and P3,504,061 (March 31, 2022 - P3,545,609; December 31, 2022 - P3,211,049) related to the Parent Company was unrecognized.

Recognized DIT asset

Recognized DIT asset as at March 31, 2023 and December 31, 2022 consist of the tax effect of the following temporary differences:

	2023	2022
Recognized by JPI		
Lease liabilities, net	564,821	514,725
Interest payable on lease	7,543	7,543
	572,364	522,268
Recognized by JAS		
Excess of MCIT over RCIT	1,659	1,659
	574,023	523,927

In compliance with the tax regulations, the Group shall pay the greater of MCIT and Regular Corporate Income Tax (RCIT), starting 2021. Any excess of MCIT over the RCIT shall be carried forward for the next three consecutive taxable years immediately following the year such MCIT was paid. For the year ended December 31, 2022, the Group paid MCIT amounting to P120,699 which is greater than RCIT.

Details of Excess of MCIT over RCIT as at March 31, 2023 follows:

Year incurred	Year of expiration	Amount
2022	2025	1,659

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

Management has considered these factors in reaching a conclusion to recognize DIT assets in the statements of financial position at March 31, 2023 and December 31, 2022.

Movements in the DIT assets for the years ended March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
At January 1	523,927	799,468
Charged to profit or loss	50,096	(156,501)
Charged to income tax payable	-	(119,040)
At December 31	574,023	523,927

Unrecognized DIT assets

The Group's unrecognized DIT assets as incurred by the Parent Company as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Net operating loss carryover (NOLCO)	3,512,714	3,219,702
Unrealized foreign exchange gain	(8,653)	(8,653)
	3,504,061	3,211,049

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

The details of the Parent Company's NOLCO as at March 31, 2023 are as follow:

Year loss was incurred	Year of expiration	2022	Additions during the year	Expired during the year	2023
2020	2025	3,748,706	-	-	3,748,706
2021	2026	5,174,848	-	-	5,174,848
2022	2025	3,955,255	-	-	3,955,255
2023	2026	-	1,136,049	-	1,136,049
		12,878,809	1,136,049	-	14,014,858
Tax rate		25%	25%	-	25%
		3,219,702	284,012	-	3,503,714

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.

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 three months ended March 31 is as follows:

	2023	2022
Income (loss) before income tax	1,041,865	(642,004)
Applicable statutory tax rate	25%	25%
Income tax expense (benefit) at statutory tax rate	260,466	(160,501)
Adjustments for:		
Interest income subject to final tax	(6,311)	(1,024)
Unrecognized tax benefit on NOLCO	284,012	426,395
Unrecognized tax benefit from unrealized foreign exchange loss	4,618	-
	542,785	264,870

Critical accounting 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.

As at March 31 2023 and December 31, 2022, management assessed that the Parent Company will not generate sufficient future taxable profits to realize the DIT assets.

Note 16 - Lease agreement

Group as the lessee

Land Management Agreement

In 2020, JPI and Great Circle Holdings, Inc. (GCH) entered into a Land Management Agreement granting JPI the right to maintain and utilize the property of GCH situated at 593 San Antonio Drive, Taguig Bagumbayan Industrial Park, Taguig City consisting of land and warehouses for leasing activities to third-parties or its related parties. JPI will receive the entire amount of rental income from third-parties or its related parties' lessees and in turn, pay GCH a 5% consideration, contingent on the rental income received. This is to allow JPI to recoup the costs incurred to improve the warehouses.

The agreement is for a period of two (2) years beginning May 4, 2020 until May 3, 2022, renewable upon mutual agreement of the parties. During 2022, the agreement was renewed for another year. The foregoing agreement qualified as lease under PFRS 16.

Amounts recognized in the statements of financial position as at March 31, 2023 and December 31, 2022 are as follows:

	Note	2023	2022
Right-of-use asset			
Beginning of the year		333,975	265,222
Additions during the year		-	801,540
Amortization	12	(200,385)	(732,787)
		133,590	333,975
Lease liability			
Current		2,392,874	2,392,874
Non-current		-	-
		2,392,874	2,392,874

The movement of lease liabilities for the period ended March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Beginning of the year	2,392,874	1,591,335
Additions during the year	-	801,539
	2,392,874	2,392,874

There are no cash outflow leases for the period ended March 31, 2023 and December 31, 2022.

Amounts recognized in the statements of total comprehensive income for the three months ended March 31 are as follows:

	Note	2023	2022
Amortization expense on right-of-use asset	12	200,385	198,917
Interest expense on lease liability		-	-
		200,385	198,917

Discount rate

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Critical accounting estimate: Determination of incremental borrowing rate

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Group uses the government bond yield, adjusted for the (1) credit spread specific to the Group and (2) security using the right-of-use assets.

Critical accounting judgment: Impairment of right-of-use assets

The Group likewise reviews the carrying values of right-of-use assets and assesses them for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management uses judgment based on available facts and circumstances, but not limited to evaluation of the future recoverability of property and equipment, in assessing whether a provision for impairment is required.

Management believes that there are no impairment indicators or changes in circumstances which indicate that the carrying amount may not be recoverable at each reporting date.

Critical accounting judgment: Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Future minimum lease payments under lease liabilities and the net present value of the minimum lease payments as at March 31, 2023 and December 31, 2022 follows:

	2023	2022
Not later than 1 year	2,459,043	2,459,043
Later than 1 year but not more than five years	-	-
	2,459,043	2,459,043
Future finance charges	(66,169)	(66,169)
	2,392,874	2,392,874

The present value of lease liabilities at March 31, 2023 and December 31, 2022 is as follows:

	2023	2022
Not later than 1 year	2,392,874	2,392,874
Later than 1 year but not more than five years	-	-
	2,392,874	2,392,874

Group as the lessor

Lease agreement with a third-party lessee

On May 4, 2020, the Group entered into a contract of lease with a third-party lessee for the property of GCH covered under the Land Management Agreement (Note 7). The lease contract is for a period of two (2) years and one (1) month beginning May 4, 2020 and terminating on June 3, 2022, unless pre-terminated or cancelled in accordance with the lease contract. The contract of lease is renewable for a period of one (1) year upon mutual agreement of the parties. The agreement was renewed for another year from June 4, 2022 to June 3, 2023. An escalation of 2.5% will be effected on the rental amount on the second year of the lease.

The contract requires security deposits equivalent to three (3) months of rental amount or P4,056,785 which is refundable without interest, 90 days after the expiration of the contract or termination without prejudice to the lessor's right to deduct from the said deposit any unpaid amount due and owing to the lessor and to deduct any and all expenses which the lessor may incur as a consequence and/or result of the lessee's use of the leased premises.

The contract also requires advance rental payments equivalent to the last three (3) months of the lease period or P4,056,784. The advance rental shall apply to and be deemed payments for rentals accruing on the last three months of the lease period. As at report date, there is no application of any advance rental payment in consideration of the ongoing negotiation for the renewal of the lease agreement for another year.

In 2022, there was additional security deposit and advance rental amounting to P86,117 for the rental fee escalation.

Rental income from the lease contract amounted to P4,056,784 for the period ended March 31, 2023 (March 31, 2022 - P4,166,146).

The total estimated future minimum rental income on the lease of property as at March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Not later than 1 year	2,704,524	6,761,308
Later than 1 year but not more than 5 years	-	-
	2,704,524	6,761,308

<u>Note 17 - Income (loss) per share</u>

Loss per share (basic and diluted) for the three months ended March 31 was computed as follows:

	2023	2022
Income (loss) for the period	499,080	(906,874)
Weighted average number of outstanding shares	250,059,097	250,059,097
Basic and diluted income (loss) per share	0.0020	(0.0036)

There were no potential dilutive shares in 2023 and 2022.

Note 18 - Foreign currency denominated monetary asset

The Group's foreign currency denominated asset as at March 31, 2023 and December 31, 2022 and 2022 are as follows:

As at March 31, 2023

	US Dollar	Exchange rate as at March 31, 2023	Peso Equivalent
Cash in bank	10,923	54.43	594,539

As at December 31, 2022

	US Dollar	Exchange rate as at December 31, 2022	Peso Equivalent
Cash in bank	10,922	56.12	612,943

Foreign exchange loss for the period ended March 31, 2023 amounted to P18,469 (2022 - P77,829).

Note 19 - 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:

19.1 Critical accounting estimates

- *Evaluation of net realizable value of on real estate held for development and sale (Note 4)*
- *Useful lives of property and equipment (Note 6)*
- *Determining incremental borrowing rate (Note 16)*

Critical judgments in applying the Group's accounting policies

- *Provision for losses on real estate held for development and sale (Note 4)*
- *Recoverability of input VAT and creditable withholding taxes (Note 5)*
- *Impairment of property and equipment (Note 6)*
- *Revenue recognition (Note 11)*
- *Recoverability of DIT assets (Note 15)*
- *Determining lease term (Note 16)*
- *Impairment of right-of-use asset (Note 16)*

Note 20 - Financial risk and capital management

20.1 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 Parent Company'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 18.

Assuming that all other variables remain constant, a movement of the PHP against USD at reporting date would not result to significant foreign currency exchange risk.

The sensitivity rates used in this assessment represent the rates of change between the foreign currency at March 31, 2023 and December 31, 2022 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 that are subject to credit risks:

Class of financial assets	At gross amounts	Neither past due nor impaired	Past due but not impaired	Overdue and impaired
March 31, 2023				
Cash and cash equivalents*	89,719,734	89,719,734	-	-
Short-term investment	29,845,257	29,845,257		
Receivable	1,352,262	1,352,262	-	-
Due from related parties	16,724	16,724	-	-
Deposits	953,260	953,260	-	-
Total	121,887,237	121,887,237	-	-

**Excluding cash on hand amounting to P4,000*

Class of financial assets	At gross amounts	Neither past due nor impaired	Past due but not impaired	Overdue and impaired
December 31, 2022				
Cash and cash equivalents*	95,292,135	95,292,135	-	-
Short-term investment	19,398,721	19,398,721	-	-
Receivables	4,048,792	4,048,792	-	-
Due from related parties	-	-	-	-
Deposits	953,260	953,260	-	-
Total	119,692,908	119,692,908	-	-

**Excluding cash on hand amounting to P4,000*

The Group applied the expected credit loss model as follows:

Class of financial assets	At gross amounts	Expected credit losses	Net carrying amount	Internal credit rating	Basis for recognition of expected credit loss (ECL)
March 31, 2023					
Cash and cash equivalents*	89,719,734	-	89,719,734	Performing	12-month ECL
Short term investments	29,845,257	-	29,845,257	Performing	12-month ECL
Receivable	1,352,262	-	1,352,262	Performing	12-month ECL
Due from related parties	16,724	-	16,724	Performing	12-month ECL
Deposits	953,260	-	953,260	Performing	12-month ECL
Total	121,887,237	-	121,887,237		

**Excluding cash on hand amounting to P4,000*

Class of financial assets	At gross amounts	Expected credit losses	Net carrying amount	Internal credit rating	Basis for recognition of expected credit loss (ECL)
December 31, 2022					
Cash and cash equivalents*	95,292,135	-	95,292,135	Performing	12-month ECL
Short-term investment	19,398,721	-	19,398,721	Performing	12-month ECL
Receivables	4,048,792	-	4,048,792	Performing	12-month ECL
Due from related party	-	-	-	Performing	12-month ECL
Deposits	953,260	-	953,260	Performing	12-month ECL
Total	119,692,908		119,692,908		

**Excluding cash on hand amounting to P4,000*

Cash and cash equivalents, short-term investment and interest receivable

To minimize credit risk exposure from cash and cash equivalents, short-term investment and interest receivable, the Group maintains cash deposits and short-term placements in reputable banks. The Group assesses that cash and cash equivalents, short-term investment and interest receivable 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 March 31, 2023 and December 31, 2022 are as follows:

	2023	2022
Universal	106,708,171	59,319,268
Thrift bank	12,856,820	55,371,587
	119,564,991	114,690,855

The remaining balance of cash and cash equivalents as at March 31, 2023 and December 31, 2022 amounting to P4,000 (2022 - P4,000) represent cash on hand, which is not exposed to significant credit risk (Note 2).

Receivables

The Group trades mainly with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

To measure the expected credit losses, these receivables from customers have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The Group has identified the inflation rate and the gross domestic product to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

Credit quality of customers classified as performing are customers and counterparty balances without history of default and assessed to be fully recoverable.

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 to low credit risk. Expected credit losses on these balances have therefore been assessed to be insignificant.

Deposits and restricted cash

Deposits and restricted cash are made with various unrated counterparties with no history of default with insignificant credit risk.

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 March 31, 2023 and December 31, 2022 which are due and demandable, are as follows:

	Notes	2023	2022
Trade payables and other liabilities	7	5,086,364	5,768,662
Advances from shareholders	8	131,677,769	131,677,769
Security deposits	16	4,056,784	4,056,784
Lease liabilities including future interest	16	2,459,043	2,459,043
		143,279,960	143,962,258

As at March 31, 2023, trade payables and other liabilities presented above exclude amounts payable to BIR amounting to P1,833,727 (2022 - P1,885,112). Liquidity risk is not significant given the limited amount of financial liabilities payable to third parties.

20.2 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 March 31, 2023 and December 31, 2022 consists of:

	Note	2023	2022
Share capital, net	10	188,184,179	188,184,179
Share premium	10	143,334,770	143,334,770
Treasury shares		(82)	(82)
Deficit		(309,367,516)	(309,866,596)
		22,151,351	21,652,271

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 Note 1, 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 enabled 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 March 31, 2023 and December 31, 2022.

Note 21 - 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.

21.1 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 period ended March 31, 2023.

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 19.

21.2 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.

21.3 Financial assets

<u>Classification</u>

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 March 31, 2023 and December 31, 2022

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 Group 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).

21.4 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 financial liabilities at fair value through profit or loss.

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.

21.5 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 March 31, 2023 and December 31, 2022.

21.6 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 March 31, 2023 and December 31, 2022, the Group has no assets and liabilities measured at fair value.

21.7 Cash and cash equivalents

Cash includes cash on hand and deposits held at call with banks. Cash equivalents 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 21.3 for relevant accounting policies for classification, recognition, measurement and derecognition of cash and cash equivalents.

21.8 Short-term investment

Short-term investment is a short-term, highly 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 21.3 for relevant accounting policies for classification, recognition, measurement and derecognition of short-term investment.

21.9 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.

21.10 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 21.3 for relevant accounting policies for classification, recognition, measurement and derecognition of restricted cash.

Other currents 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.

21.11 Input VAT and creditable withholding taxes

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.

Creditable withholding taxes which is recognized as assets in the period when creditable withholding tax become available as tax credits to the Group and carried over to the extent that it is probable that the benefit will flow to the Group. These are derecognized in the statement of financial position when they are applied as a tax credit to reduce income tax payable. Creditable withholding taxes are included in current assets, except when utilization and claims against income tax payable are expected to be more than twelve (12) months after the reporting date, in which these are classified as non-current assets.

21.12 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
Leasehold improvements	5 years or term of lease, whichever is shorter

Leasehold improvements are amortized over the estimated useful lives of the improvements or the anticipated term of the lease, whichever is shorter. Management renews its lease when the term expires. 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.

21.13 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.

21.14 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.

21.15 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.

21.16 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.

21.17 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.

21.18 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.

21.19 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.

21.20 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.

21.21 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 Parent Company's BOD.

21.22 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) 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.

c) Rental income

Rental income from operating lease is recognized in profit or loss on a straight-line basis over the lease term. Rental income is shown net of value-added tax. Any difference between the rental income determined on a straight-line basis and the actual lease payment is recognized as a rent receivable or unearned rental income as the case may be. These are included in non-current assets or liabilities, except if the remaining lease period is within one year after the reporting period, which are then classified as current assets or liabilities.

d) 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.

e) Other income

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

21.23 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.

21.24 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.

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.

21.25 Leases

Group as the lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

(a) Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third-party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(d) Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of service tools and equipment.

Group as the lessor

Leases in which the Group does not transfer substantially all the risks and rights for the leased assets to the lessee are classified as operating lease. Assets leased out under operating leases are included in investment properties in the statement of financial position. Rental income is recognized on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as rental income. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return. The Group has no finance leases during and at the end of each reporting period.

21.26 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 Parent Company operates (the "functional currency"). The consolidated financial statements are prepared in Philippine Peso, which is the Parent Company'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.

21.27 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.

21.28 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, represented by the Parent Company's Board of Directors who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the primary person that makes strategic decisions.

The Group's operations is managed as a single business segment; consequently, the Group does not prepare a segmental analysis for its consolidated financial statements.

21.29 Subsequent events

Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.