

SEC Number: 031-050

File Number: _____

STA. LUCIA LAND, INC. AND SUBSIDIARIES

(Company's Full Name)

Penthouse Building 3, Sta. Lucia East Grand Mall,
Marcos Highway Cor. Imelda Ave., Cainta Rizal

(Company Address)

(632) 8681-7332

(Telephone Number)

March 31, 2024

(Quarter Ended)

1st Quarter Report – SEC Form 17-Q

(Form Type)

(Amendments)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q**

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

1. For the quarterly period ended **March 31, 2024**
2. Commission identification number: **31050**
3. BIR Tax Identification No.: **000-152-291-000**

STA. LUCIA LAND, INC. AND SUBSIDIARIES

4. Exact name of issuer as specified in its charter
Republic of the Philippines
5. Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)

Penthouse, Bldg. III, Sta. Lucia East Grand Mall, Marcos Highway cor. Imelda Ave., Cainta, Rizal 1900

7. Address of issuer's principal office Postal Code
(02) 8681-7332
8. Issuer's telephone number, including area code

-
9. Former name, former address and former fiscal year, if changed since last report

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

Title of each class	Number of shares of common Stock outstanding
<u>Common</u>	<u>8,296,450,000</u>

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

Yes [x] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

12. Indicate by checkmark whether the registrant:

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

Yes [x] No []

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

Yes [x] No []

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PART I - FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

STA. LUCIA LAND, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2024 and December 31, 2023

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱2,452,355,558	₱2,967,772,960
Receivables	6,439,859,232	5,197,804,959
Contract assets	2,629,289,222	2,824,662,206
Real estate inventories	35,703,535,807	34,865,859,862
Other current assets	2,705,266,253	2,611,383,707
Total Current Assets	49,930,306,072	48,467,483,694
Noncurrent Assets		
Installment contracts receivables - net of current portion	1,326,344,241	1,600,185,077
Contract assets - net of current portion	2,885,732,245	3,359,496,329
Investment properties	6,594,270,906	6,558,838,086
Property and equipment	69,231,657	76,440,532
Financial assets at fair value through other comprehensive income (FVOCI)	578,613,720	727,265,914
Other noncurrent assets	1,200,633,640	1,109,381,252
Total Noncurrent Assets	12,654,826,409	13,431,607,190
	₱62,585,132,481	₱61,899,090,884
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	₱8,210,470,172	₱8,344,771,043
Accounts and other payables	6,197,800,110	6,122,011,034
Income tax payable	121,877,628	99,943,768
Contract liabilities – current portion	724,127,046	1,517,596,096
Long-term debt - current portion	3,543,276,206	5,072,296,259
Total Current Liabilities	18,797,551,162	21,156,618,200
Noncurrent Liabilities		
Long-term debt – net of current portion	12,022,349,861	10,422,556,880
Contract liabilities - net of current portion	122,666,013	257,078,455
Deferred tax liabilities - net	3,913,533,458	3,532,925,725
Pension liabilities	12,302,289	15,302,289
Total Noncurrent Liabilities	16,070,851,621	14,227,863,349
Total Liabilities	34,868,402,783	35,384,481,549
Equity		
Capital stock	10,796,450,000	10,796,450,000
Additional paid-in capital	580,004,284	580,004,284
Retained earnings	17,819,349,357	16,468,576,801
Treasury shares	(1,600,000,000)	(1,600,000,000)
Net unrealized gain on fair value of financial assets at FVOCI	121,857,972	270,510,165
Remeasurement losses on pension liabilities	(931,915)	(931,915)
Total Equity	27,716,729,698	26,514,609,335
	₱62,585,132,481	₱61,899,090,884

STA. LUCIA LAND, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the three month period ended March 31, 2024 and March 31, 2023 and December 31, 2023

	March 31, 2024	March 31, 2023	December 31, 2023
REVENUE			
Real estate sales	₱3,192,840,372	₱3,023,200,563	₱8,453,844,312
Rental income	174,530,699	199,691,964	762,501,539
Interest income	123,951,320	124,881,070	732,744,600
Commission income	31,131,370	695,695	116,961,998
Others revenue	273,143,707	204,347,884	1,198,530,163
	3,795,597,468	3,552,817,176	11,264,582,612
OTHER INCOME			
Interest income on cash and cash equivalents and short-term investment	8,808,712	20,838,679	45,017,946
Dividend income	352,000	–	5,662,941
	9,160,712	20,838,679	50,680,887
	3,804,758,180	3,573,655,855	11,315,263,499
COSTS OF SALES AND SERVICES			
Cost of real estate sales	847,018,403	894,010,874	2,405,791,073
Cost of rental income	136,808,745	150,650,090	599,035,910
	983,827,148	1,044,660,964	3,004,826,983
SELLING AND ADMINISTRATIVE EXPENSES			
Commissions	377,759,261	356,425,763	971,766,501
Taxes, licenses and fees	74,176,221	48,557,413	209,016,187
Salaries and wages and other benefits	31,082,129	13,960,676	132,261,677
Depreciation and amortization	17,209,881	4,268,189	23,917,092
Transportation, travel, office supplies and miscellaneous	17,149,228	13,684,304	74,199,024
Representation	12,747,350	32,635,797	68,213,800
Surcharges and penalties	7,499,696	5,034,399	30,038,121
Professional fees	7,176,355	9,492,639	17,086,994
Advertising	6,065,708	9,324,990	33,989,586
Utilities	3,499,098	1,872,453	21,379,488
Repairs and maintenance	2,162,508	1,275,623	127,396,969
Legal expense	1,553,100	1,009,448	11,849,942
Insurance expense	1,336,690	1,495,195	5,136,149
Software maintenance	–	446,429	705,357
Provision for (Recovery from) expected credit loss	–	–	35,495,908
	559,417,225	499,483,318	1,762,452,795
INTEREST EXPENSE	461,639,194	353,567,307	1,597,481,944
INCOME BEFORE INCOME TAX	1,799,874,613	1,675,944,266	4,950,501,777
PROVISION FOR INCOME TAX	449,102,057	419,550,446	1,216,850,858
NET INCOME	1,350,772,556	1,256,393,820	3,733,650,919
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Unrealized gains on fair value of financial assets at FVOCI	(148,652,193)	(1,149,903)	69,969,942
Remeasurement gains (losses) on pension liabilities - net of tax	–	–	(1,753,331)
	(148,652,193)	(1,149,903)	68,216,611
TOTAL COMPREHENSIVE INCOME	₱1,202,120,363	₱1,255,243,917	₱3,801,867,530
Basic/Diluted Earnings Per Share	₱0.16	₱0.15	₱0.45

STA. LUCIA LAND, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the three months ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
CAPITAL STOCK		
Common shares - ₱1 par value		
Authorized - 16,000,000,000 shares		
Issued and outstanding – 10,796,450,000 shares	₱10,796,450,000	₱10,796,450,000
	10,796,450,000	10,796,450,000
ADDITIONAL PAID-IN CAPITAL	580,004,284	580,004,284
TREASURY SHARES	(1,600,000,000)	(1,600,000,000)
RETAINED EARNINGS		
Balance at beginning of year	16,468,576,801	13,066,783,882
Net income	1,350,772,556	1,256,393,820
Balance at end of period	17,819,349,357	14,323,177,702
UNREALIZED GAIN ON FAIR VALUE OF AVAILABLE FOR SALE FINANCIAL ASSETS	121,857,972	199,390,320
REMEASUREMENT GAIN (LOSS) ON PENSION LIABILITIES- NET OF TAX	(931,915)	821,416
	₱27,716,729,698	₱24,299,843,722

STA. LUCIA LAND, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the three months ended March 31, 2024 and March 31, 2023

	March 31, 2024	March 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,799,874,613	₱1,675,944,266
Adjustments for:		
Interest Expense	461,639,193	353,567,307
Depreciation and amortization expense	51,271,184	38,418,547
Dividend income	(352,000)	–
Interest income	(132,760,032)	(145,719,749)
Operating income before changes in working capital	2,179,672,958	1,922,210,371
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	(969,903,517)	(24,273,282)
Contract Assets	669,137,068	(579,449,326)
Real estate inventories	(615,706,553)	(259,531,604)
Other current assets	(93,882,546)	172,193,470
Increase (decrease) in:		
Accounts and other payables	(67,674,932)	302,953,811
Contract liabilities	(927,881,492)	(770,078,661)
Net cash generated from (used in) operations	173,760,986	764,024,779
Interest received	132,982,254	145,624,193
Income taxes paid including applied creditable withholding tax	(45,092,605)	(333,893,374)
Contribution to plan asset	(3,000,000)	–
Net cash provided by (used in) operating activities	258,650,635	575,755,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of (additions to):		
Property and equipment	(63,199,573)	(122,905,325)
Investment properties	(12,951,753)	(4,363,239)
Increase in other noncurrent assets	(91,252,388)	(26,523,916)
Dividends received	352,000	2,134,166
Net cash used in investing activities	(167,051,714)	(151,658,314)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans, net of transaction costs	6,034,536,999	6,245,900,000
Payment of loans	(6,111,649,167)	(6,142,850,000)
Interest payments (including capitalized borrowing costs)	(453,375,854)	(356,610,953)
Dividend paid	(62,687,184)	–
Increase (decrease) in payable to related parties	(13,841,117)	–
Net cash used in financing activities	(607,016,323)	(253,560,953)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(515,417,402)	170,536,331
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,967,772,960	3,343,677,036
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱2,452,355,558	₱3,514,213,367

STA. LUCIA LAND, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Sta. Lucia Land, Inc. (SLI or the Parent Company) is a publicly-listed company incorporated in the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 6, 1966 under the name Zipporah Mining and Industrial Corporation. On August 14, 1996, the Parent Company's Articles of Incorporation was amended.

Under the amendment, it changed the corporate name to Zipporah Realty Holdings, Inc. and it transferred the original primary purpose to secondary purpose from being a mining firm to a real estate company with the amended primary purpose to acquire by purchase, lease, and to own and develop and hold for investment and/or disposal, real estate of all kinds together with their appurtenances.

On July 16, 2007, the Parent Company changed its corporate name from Zipporah Realty Holdings, Inc. to Sta. Lucia Land, Inc.

Prior to expiration of its corporate life, the Parent Company filed for a new 50-year corporate life which was approved by the SEC on June 16, 2016. The corporate life of the Parent Company expired on December 5, 2016. The approved new 50-year corporate life is until December 5, 2066.

The registered office address and principal place of business of the Parent Company and its subsidiaries (collectively referred to as the Group) is at Penthouse Bldg. 3, Sta. Lucia Mall, Marcos Highway cor. Imelda Avenue, Cainta, Rizal.

The Group is 80.77% owned by Sta. Lucia Realty and Development Inc. (SLRDI or the Ultimate Parent Company).

2. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying interim consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is also the Parent Company's functional currency and all values are rounded to the nearest Philippine peso except when otherwise indicated.

The interim consolidated financial statements provide comparative information in respect of the previous period. While there are recent signs of increased market activity with the easing of quarantine measures in key areas in the Philippines, management believes that the impact of COVID-19 situation remains fluid and evolving and the pace of recovery remains uncertain.

Statement of Compliance

The interim condensed consolidated financial statements of the Group for the nine months ended March 31, 2024 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2023, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), and include the availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular Nos. 14-2018 and 3-2019. PFRSs include PAS and Interpretations issued by Philippine Interpretations Committee (PIC).

The interim condensed consolidated financial statements of the Group have been prepared for inclusion in the offering circular in relation to a planned capital-raising activity.

Basis of Consolidation

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

A subsidiary is an entity which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance.

The interim consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the interim financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The interim consolidated financial statements include the interim financial statements of the Parent Company and the following wholly-owned subsidiaries. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	% of Ownership
Sta. Lucia Homes, Inc. (SLHI)	100.00%
Santalucia Ventures, Inc. (SVI)	100.00%

Adoption of New and Amended Accounting Standards and Interpretation

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new and amended PFRS and PAS which became effective beginning January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Except as otherwise indicated, the adoption has no significant impact to the consolidated financial statements.

- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

Future Changes in Accounting Policy

The Group will adopt the following standards and interpretations when these become effective. Except as otherwise stated, the Group does not expect the adoption of these standards to have a significant impact on the consolidated financial statements.

Effective beginning on or after January 1, 2024

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

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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

The amendments require the seller-lessee in a sale and leaseback transaction to determine the “lease payments” or “revised lease payments” in a way that the seller-lessee would not recognize any amount of gain or loss that relates to the right of use retained by the seller-lessee.

Seller-lessee in a sale and leaseback transaction is not prevented from recognizing in profit and loss any gain or loss relating to partial or full termination of lease as required by par 46(a) of PFRS 16.

- *PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)*

On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 8, 2019, the Philippine SEC issued SEC MC Nos. 14-2018 and 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023.

The PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

	Deferral Period
a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04)	Until December 31, 2023
b. Treatment of uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E (as amended by PIC Q&A 2020-04)	Until December 31, 2023

The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- The accounting policies applied.
- Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
- Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021.

Assessing if the transaction price includes a significant financing component

The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied using full retrospective approach or modified retrospective approach. The Group elected to adopt the PIC Q&A using the modified retrospective approach. Under this approach, the cumulative effect of initially applying the PIC Q&A is recognized at the date of the initial application as an adjustment to the opening balance of retained earnings therefore the comparative information will not be restated.

As of March 31, 2024, the Group adopted the guidelines but has determined that the impact on the existing contracts is not material on interest income, interest expense, revenue from real

estate sales, installment contact receivable, provision for deferred income tax, deferred tax asset or liability for all years presented, and the opening balance of retained earnings. Additionally, the impact on the cash flows from operations and cash flows from financing activities for all years presented are also deemed not material. Consequently, no adjustments were made relative to the adoption. For new contracts, the Group will continue to assess and determine if the significant financing component is material and for recognition.

Effective beginning on or after January 1, 2025

- *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its

broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group is currently assessing the impact of adopting these amendments.

Significant Accounting Policies

Current versus Noncurrent Classification

The Group presents assets and liabilities in consolidated statement of financial position based on current and noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or
- cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve (12) months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a nonfinancial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For purposes of fair value disclosures, the Group has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy.

Financial Instruments

Date of recognition

The Group recognizes financial assets and liabilities in the consolidated statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Recognition and Measurement of Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition of financial instruments

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the 'SPPI test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

As of March 31, 2024 and December 31, 2023, the Group's financial assets comprise of financial assets at amortized cost and financial assets at FVOCI.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Group's business model whose objective is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are subsequently measured at amortized cost using the effective interest method less any impairment in value, with the interest calculated recognized as interest income in the consolidated statement of comprehensive income.

The Group classified cash and cash equivalents, installment contracts receivables and other receivables, short term investment, advances to agents and brokers under "Other current assets", and deposits in escrow and refundable security deposits under "Other noncurrent assets" as financial assets at amortized cost. The Groups installment contracts receivable are interest bearing and with payment terms ranging from 5 to 15 years.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity

under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets at fair value through OCI includes investments in quoted and unquoted equity instruments.

Dividends earned on holding these equity instruments are recognized in the consolidated statement of comprehensive income when the Group's right to receive the dividends is established in accordance with PFRS 15, unless the dividends clearly represent recovery of a part of the cost of the investment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.

As of March 31, 2024 and December 31, 2023, the Group does not have financial assets at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also

recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Reclassification of financial assets

The Group can reclassify financial assets if the objective of its business model for managing those financial assets changes. The Group is required to reclassify the following financial assets:

- from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria start to be met and the instrument's contractual cash flows meet the amortized cost criteria.

Reclassification of financial assets designated as at FVTPL at initial recognition is not permitted. A change in the objective of the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the next reporting period following the change in the business model.

Modification of Financial Assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the consolidated statement of comprehensive income.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contracts receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a vintage analysis for installment contracts receivables and contract assets that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such as accrued receivable, receivable from related parties and advances to other companies, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses

expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-off of financial assets

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Directly attributable transaction costs are documentary stamp tax, underwriting and selling fees, regulatory filing fee and other fees.

As of March 31, 2024 and December 31, 2023, the Group's other financial liabilities consist of accounts and other payables (excluding statutory liabilities), short-term debt and long-term debt.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of comprehensive income.

Only if the criteria in PFRS 9 are satisfied, the designation of financial liabilities at fair value through profit or loss at the initial date of recognition is allowed. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to the Group's accounts and other payables (excluding statutory liabilities), short-term debt and long-term debt.

Derecognition

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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, where the related assets and liabilities are presented at gross in the consolidated statement of financial position.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from dates of placement and that are subject to insignificant risk of changes in value.

Real Estate Inventories

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation or will be occupied by the Group, is held as inventory and is measured at the lower of cost and net realizable value (NRV). In few cases of buyer defaults, the Group can repossess the properties and held it for sale in the ordinary course of business and recognized at the prevailing market price. The repossessed properties are included in the “Real Estate Inventories” account in the consolidated statement of financial position. Any gain or loss arising from the fair valuation of the repossessed properties are included in the “Others” account presented under revenue under the consolidated statement of comprehensive income. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts unless these exceed the recoverable values.

Cost includes the purchase price of land and those costs incurred for the development and improvement of the properties such as amounts paid to contractors for construction, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

In 2022, the Group adopted PIC Q&A 2018-12 using modified retrospective approach as provided under the SEC Memorandum Circular No. 8, series of 2021. The Group adjusted the previously capitalized borrowing costs on inventories.

The cost of inventory recognized in the consolidated statement of comprehensive income is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Inventories that are temporarily leased out at market rates to earn revenues to partly cover for expenses on the condition that the intent to sell in the ordinary course of business has not changed are accounted and presented as real estate inventories. The rent income from inventories that are leased out is included in other income in the consolidated statement of comprehensive income.

Transfers are made from real estate inventories to investment properties or owner-occupied properties when the intent to sell in the ordinary course of business has permanently changed, as evidenced by commencement of an operating lease to another party or owner occupation. Transfers between investment properties, owner-occupied property and real estate inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Prepaid Expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for commissions, marketing fees, advertising and promotions, taxes and licenses, and insurance.

With the exception of commission, which is amortized using POC, other prepaid expenses are amortized as incurred.

Refundable Deposits

Refundable deposits are measured initially at fair value. After initial recognition, refundable deposits are subsequently measured at amortized cost using the effective interest method.

The difference between the cash received and its fair value is deferred and amortized using the straight-line method under the “Real estate sales” account in the consolidated statement of comprehensive income.

Non-refundable deposits that are applicable against costs of services incurred or goods delivered are measured at fair value.

Other Current Assets

Other current assets are carried at cost and pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group. These include advances to contractors and lot owners which are carried at costs less impairment losses, if any.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and that are not occupied by the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Construction in progress are carried at cost and transferred to the related investment property account when the construction and related activities to prepare the property for its intended use are complete, and the property is ready for occupation. This includes cost of construction and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are available for their intended use.

Depreciation of investment properties is computed using the straight-line method over the estimated useful lives of the assets and included under “Costs of Rental Income” in the consolidated statement of comprehensive income. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful lives of investment properties follow:

	Years
Land improvements	40
Buildings and improvements	40
Machinery and equipment	5 to 10

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. Transfers between investment properties, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

The Group discloses the fair values of its investment properties in accordance with PAS 40. The Group engages independent valuation specialist to assess the fair values as at December 31, 2020.

The Group's investment properties consist of land and building pertaining to properties, mall and office properties. These were valued by reference to market-based evidence using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization and any impairment in value. The initial cost of property and equipment consists of 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 capitalized as part of property and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

Depreciation and amortization of property and equipment commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Years
Office tools and equipment	3 to 5
Transportation equipment	5
Furniture and fixtures	3 to 5
Software	3 to 5

The useful life and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When property and equipment are retired or otherwise disposed of, the cost of the related accumulated depreciation and amortization and accumulated provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated and amortized property and equipment are retained in the accounts until they are no longer in use. No further depreciation and amortization is charged against current operations.

Interests in Joint Development Projects

Interests in joint development projects represent one or more assets, usually in the form of real estate development, contributed to, or acquired for the purpose of the joint development and dedicated to the purposes of the joint operations. The assets are used to obtain benefits for the operators. Each operator may take a share of the output from the assets and each bears an agreed share of the expenses incurred. These joint operations do not involve the establishment of a corporation, partnership or other entity, or a financial structure that is separate from the operators themselves. Each operator has control over its share of future economic benefits through its share of the jointly operations. Contribution of the Group to the joint operations are included in real estate inventories.

Impairment of Nonfinancial Assets

This accounting policy relates to the other assets, interests in joint development projects, investment properties and property and equipment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Unearned Income

Unearned income refers to collections from buyers intended to cover the related cost for the processing of transfer of title and registration of properties of buyers that is to be performed upon full payment of the contract price. Income is recognized when earned

Customers' Deposits

Customers' deposits represent payment received from customer accounts which have not yet reached the minimum required percentage for recording real estate sale transaction. When the level of required payment is reached, sales are recognized, and these deposits and down payments will be applied against the related receivable.

Under the POC method of recognizing sales for real estate, when a real estate does not meet the requirements for revenue recognition, the sale is accounted for under the deposit method. Under this method, cash received from customers are recorded under "Customers' Deposits" account in the consolidated statement of financial position. It is also recognized when the cash received from customers is greater than the receivable from customers under POC. Subsequently, customers' deposits are applied against receivable from customers as a result of the recognition of sales through completion of the project.

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the

excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from the taxation authority is included as part of “Other current assets” in the consolidated statement of financial position.

Pension

The Group has a funded, noncontributory defined benefit pension plan covering substantially all of its qualified employees. The Group’s pension liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit (PUC) method.

Defined benefit costs comprise the following:

- a. service cost;
- b. net interest on the net defined benefit liability or asset; and
- c. remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Equity

The Group records capital stock at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from proceeds and charged to “Additional Paid-in Capital” (APIC) account. If APIC is not sufficient, the excess is charged against retained earnings.

Retained earnings represent accumulated earnings of the Group less dividends declared. The individual accumulated retained earnings of the subsidiaries are available for dividend declaration when they are declared by the subsidiaries as approved by their respective BOD. Retained earnings is restricted to payments of dividends to the extent of the cost of treasury shares.

Treasury Shares

Treasury shares are recognized at cost and deducted from equity. No gain or loss is recognized in the profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration less any incidental costs, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Revenue from Contract with Customers

The Group primarily derives its real estate revenue from the sale of vertical and horizontal real estate projects. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the provisioning of water and electricity in its mall retail spaces and office leasing activities, wherein it is acting as agent.

Real estate sales

The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on physical proportion of work done on the real estate project which requires technical determination by the Group's project development engineers and project managers. This is based on the monthly project accomplishment report prepared by the Group's project development engineers as approved by the project managers which integrates the surveys of performance as of quarter end of the construction activities for both sub-contracted and those that are fulfilled by the developer itself.

The Group's unconditional right to an amount of consideration is recognized as "installment contracts receivables". Any excess of progress of work over the installment contracts receivables is included in the "contract asset" account in the asset section of the consolidated statement of financial position.

Any excess of collections over the total of recognized installment contracts receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

In case of sales cancellation due to the default of the buyers, the Group derecognizes the outstanding balance of contract asset or installment contracts receivable and recognize the repossessed property at fair value less cost to repossess, with any difference taken to profit or loss.

Cost of real estate sales

The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs in 2021 and prior years.

These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which changes are determined.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

Marketing fees, management fees from administration and property management are recognized as expense when services are incurred.

Costs to obtain contract (Commission expense)

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period using the percentage of completion method that is consistent with the related revenue that is recognized as earned. Commission expense is included in the "Selling and administrative expense" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

Contract Balances

Installment contracts receivables

Installment contracts receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset pertains to unbilled revenue from sale of real estate. This is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. This is reclassified as installment contracts receivable when the monthly amortization of the customer is already due for collection.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs under the contract.

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

Contract fulfillment assets

Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable. The Group's contract fulfillment assets pertain to land acquisition costs.

Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract

The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract over the expected construction period using POC following the pattern of real estate revenue recognition. The amortization of contract fulfillment assets and cost to obtain a contract is included within "Cost of real estate sales" and "Selling and administrative expense", respectively.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that the contract fulfillment asset or capitalized cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Rental income

Rental income arising from operating leases on investment properties is recognized in the consolidated statement of comprehensive income as follows:

- Based on certain percentage of net income of operator after adjustments on shared expenses, as provided in the terms of the contract.
- Based on a straight-line basis over the term of the lease plus a certain percentage of sales of the tenants, as provided under the terms of the contract.

Interest income

Interest income is recognized as it accrues using the effective interest method.

Commission income

Commission income is recognized when services are rendered.

Dividend income

Dividend income is recognized when the Group's right to receive the payment is established.

Others

Other income is derived from processing the registration of properties of buyers, collection from surcharges, penalties for late payments which are recognized when services are rendered and gain from fair valuation on repossess inventories.

Other income also includes profit share in hotel operations which is derived from the Group's share in service income, net of operating expenses, from units in a specific property development which is being operated as a hotel by a third party. Income is recognized when earned.

Costs and Expenses

Costs and expenses are recognized in the consolidated statement of comprehensive income 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 in the consolidated statement of comprehensive income:

- On the basis of a direct association between the costs incurred and the earning of specific items of income;
- On the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- Immediately when 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 consolidated statement of financial position as an asset.

Cost of real estate sales

Cost of real estate sales includes all direct materials, labor costs and incidental costs related to the construction of housing units.

Cost of rental income

Cost of rental income is mostly coming from depreciation, utilities and management fees. These are recognized as cost when incurred, except for depreciation which is recognized on a straight-line basis.

Cost of hotel operations

Cost of hotel operations pertains to expenses incurred in relation to sale of goods and rendering of services. These are recognized when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen than can be measured reliably. These are recognized when incurred and measured at the amount paid or payable.

Selling and administrative expenses

Selling and administrative expenses are expenses that are incurred in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, property and equipment and investment properties. Selling and administrative expenses are costs incurred to sell real estate inventories, which include commissions, advertising and promotions, among others and costs of administering the business.

Expenses are recognized in the consolidated statement of comprehensive income as incurred based on the amounts paid or payable.

Borrowing Costs

Interest and other financing costs incurred during the construction period on borrowings used to finance the acquisition and construction of a qualifying asset are capitalized as to the appropriate asset accounts (included in “Investment Properties” in 2021 and prior years) account in the consolidated statement of financial position). All other borrowing costs are expensed in the period in which they occur.

In 2022, the Group adopted PIC Q&A 2018-12 using modified retrospective approach as provided under the SEC Memorandum Circular No. 8, series of 2021. The Group adjusted the previously capitalized borrowing costs on inventories.

The interest capitalized is calculated using the Group’s weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment.

Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchase cost of a site of property acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Leases

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

Group as lessee - Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office space (i.e., those leases that have a lease term of 12 months or less from the commencement

date and do not contain a purchase option). Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

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

Lease modification

Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease e.g., addition or termination of the right to use one or more underlying assets, or the extension or shortening of the contractual lease term. In case of a lease modification, the lessor shall account for any such modification by recognizing a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease and the remaining lease payments will be recognized as income on a straight-line basis over the remaining lease term.

In case of change in lease payments for an operating lease that does not meet the definition of a lease modification, the lessor shall account for any such change as a negative variable lease payment and recognize lower lease income.

Income Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carry forward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and unused net operating losses carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carry forward benefits of unused tax credits from excess MCIT over RCIT credits and unexpired NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are credited to or charged against income for the period.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Basic and Diluted Earnings Per Share

Basic EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and adjusted for the effect of dilutive options and dilutive convertible preferred shares. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted would decrease the basic EPS, and then such convertible preferred shares would be deemed dilutive.

Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount. As of March 31, 2024 and December 31, 2024, the Group has no potential diluted common shares.

Segment Reporting

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 5 to the interim consolidated financial statements.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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.

Events After the Reporting Date

Post year-end events up to date when the consolidated financial statements are authorized for issue that provide additional information about the Group's financial position at the 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.

3. Significant Accounting Judgments and Estimates

The preparation of the accompanying interim consolidated financial statements in conformity with PFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

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

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Revenue recognition

Selecting an appropriate revenue recognition method for a particular sale transaction requires certain judgments based on the buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment and the stage of completion of the project. In determining whether the sales price are collectible, the Group considers that initial and continuing investment of 20% of the net contract price for real estate development and sale would demonstrate the buyer's commitment to pay. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of buyers' equity before allowing revenue recognition.

Distinction between real estate inventories and investment properties

The Group determines whether a property is classified as investment property or real estate inventories as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.
- Real estate inventories comprises property that is held for sale in the ordinary course of business. Principally, this is residential and industrial property that the Group develops and intends to sell before or on completion of construction.

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out on operating leases.

The Group's operating lease contracts are accounted for as cancellable operating leases. In determining whether a lease contract is cancellable or not, the Group considers, among others, the significance of the penalty, including the economic consequence to the lessee.

Recognizing deferred tax assets

The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient future taxable profit to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income.

Determination of significant influence on an investee company

If an investor holds, directly or indirectly, less than 20% of the voting power of the investee company, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an investor from having significant influence.

Since the Group only has 12.50% ownership interest in Uni-Asia, the Group determined that it does not have control or significant influence.

Management's Use of Estimates

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

Revenue and cost recognition on real estate

The Group applies the percentage of completion (POC) method in determining real estate revenue and cost. The POC is based on the physical proportion of work and the cost of sales is determined based on the estimated project development costs applied with the respective project's POC.

Estimating allowance for impairment losses on receivables

The Group maintains allowance for impairment losses at a level based on the result of the individual and collective assessment under PAS 39. Under the individual assessment, the Group is required to obtain the present value of estimated cash flows using the receivable's original EIR. Impairment loss is determined as the difference between the receivable's carrying balance and the computed present value. The collective assessment would require the Group to group its receivables based on the credit risk characteristics (e.g., industry, past-due status and term) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. The assessment also considers that title of the property passes on to the buyer only when the receivable is fully collected.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

Evaluation of net realizable value of inventories

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to net realizable value based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether those inventories are damaged, slow or non-moving or if their selling prices have declined in comparison to the cost.

Evaluation of impairment of other non-financial assets (except inventories)

The Group reviews other current assets, investment properties and property and equipment for impairment in value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount is the asset's net selling price, except for assets where value in use computation is applied.

The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Estimating pension costs

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds in the respective currencies with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

Assumed discount rate is used in the measurement of the present value obligation, service and interest cost components of the pension expense. The mortality rate represents the proportion of current plan members who might demise prior to retirement..

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be derived from active markets, they are determined using internal valuation techniques using generally accepted market valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. These estimates may include considerations of liquidity, volatility, and correlation.

4. Aging of Receivables

As of March 31, 2024 (Unaudited)

	Neither Past	Past Due but not Impaired					Total	Impaired	Total
	Due nor Impaired	1-30 days	31-60 days	61-90 days	91-120 days	>120 days			
Trade	P12,098,414,298	P74,329,700	P73,033,592	P70,170,444	P111,101,970	P160,152,744	P488,788,450	P45,888,273	P12,633,091,021
Nontrade	648,133,919	–	–	–	–	–	–	–	648,133,919
Total	P12,746,548,217	P74,329,700	P73,033,592	P70,170,444	P111,101,970	P160,152,744	P488,788,450	P45,888,273	P13,281,224,940

As of March 31, 2023 (Unaudited)

	Neither Past	Past Due but not Impaired					Total	Impaired	Total
	Due nor Impaired	1-30 days	31-60 days	61-90 days	91-120 days	>120 days			
Trade	P8,573,608,744	P75,478,309	P79,506,202	P77,803,617	P68,109,346	P65,783,900	P366,681,374	P26,397,711	P8,966,687,829
Nontrade	603,896,635	–	–	–	–	–	–	–	603,896,635
Total	P9,177,505,379	P75,478,309	P79,506,202	P77,803,617	P68,109,346	P65,783,900	P366,681,374	P26,397,711	P9,570,584,464

5. Segment Information

The following tables regarding business segments present assets and liabilities as of March 31, 2024 and March 31, 2023 and revenue and income information for each of the two periods ended March 31, 2024 and March 31, 2023.

As of March 31, 2024 (Unaudited)

	Leasing	Residential Development	Total
Rental income	₱174,530,699	₱–	₱174,530,699
Cost of rental income	(136,808,745)	–	(136,808,745)
Real estate sales	–	3,192,840,372	3,192,840,372
Cost of real estate sales	–	(847,018,403)	(847,018,403)
Segment profit	37,721,954	2,345,821,969	2,383,543,923
General and administrative expense	(12,415,150)	(547,002,075)	(559,417,225)
Commission income	–	31,131,370	31,131,370
Interest income	1,309,972	131,450,060	132,760,032
Interest expense	–	(461,639,194)	(461,639,194)
Other income	–	273,143,707	273,143,707
Dividend Income	–	352,000	352,000
Provision for income tax	(6,654,194)	(442,447,863)	(449,102,057)
Net income	19,962,582	₱1,330,809,974	₱1,350,772,556
Segment assets	₱7,083,218,365	₱55,501,914,116	₱62,585,132,481
Segment liabilities	₱605,396,696	30,227,595,001	₱30,832,991,697
Income tax payable	–	121,877,628	121,877,628
Deferred tax liability	30,290,232	3,883,243,226	3,913,533,458
Total liabilities	₱635,686,928	₱34,232,715,855	₱34,868,402,783
Cash flows arising from:			
Operating activities	₱18,399,009	₱240,251,626	₱258,650,635
Investing activities	(66,543,375)	(100,508,339)	(167,051,714)
Financing activities	–	(607,016,323)	(607,016,323)

As of March 31, 2023 (Unaudited)

	Leasing	Residential Development	Total
Rental income	₱199,691,964	₱–	₱199,691,964
Cost of rental income	(150,650,090)	–	(150,650,090)
Real estate sales	–	3,023,200,563	3,023,200,563
Cost of real estate sales	–	(894,010,874)	(894,010,874)
Segment profit	49,041,874	2,129,189,689	2,178,231,563
General and administrative expense	(21,514,820)	(477,968,498)	(499,483,318)
Commission income	–	695,695	695,695
Interest income	1,410,164	144,309,585	145,719,749
Interest expense	–	(353,567,307)	(353,567,307)
Other income	–	204,347,884	204,347,884
Provision for income tax	(9,445,984)	(410,104,462)	(419,550,446)
Net income	19,491,234	₱1,236,902,586	₱1,256,393,820
Segment assets	₱6,874,014,628	₱51,771,538,931	₱58,645,553,559
Segment liabilities	₱539,605,010	₱30,706,103,703	₱31,245,708,713
Income tax payable	–	114,046,379	114,046,379
Deferred tax liability	–	2,985,954,745	2,985,954,745
Total liabilities	₱539,605,010	₱33,806,104,827	₱34,345,709,837
Cash flows arising from:			
Operating activities	(1,780,949)	573,974,649	575,755,598
Investing activities	(122,905,325)	(28,752,989)	(151,658,314)
Financing activities	–	(253,560,953)	(253,560,953)

6. Financial Instruments

Fair Value Information

The methods and assumptions used by the Group in estimating fair value of the financial instruments are as follows:

Cash, receivables accounts and other payables

Carrying amounts approximate fair values due to the relatively short-term maturities of these financial instruments.

Loans payable

Carrying amounts approximate the fair values because they carry interest rates which are the prevailing market rates for similar instruments.

Noncurrent installment contracts receivables

The fair values of real estate receivable are calculated by discounting expected future cash flows at applicable rates for similar instruments using the remaining terms of maturity.

AFS financial assets

Fair values are based on quoted prices published in markets.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between Level 1 and Level 2 during the first quarter of 2024 and for the year 2023.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash, receivables, AFS financial assets and accounts and other payables, short-term debt and long-term debt. The Group has other financial liabilities such as accounts and other payables which arise directly from the conduct of its operations.

Management closely monitors the cash fund and financial transactions of the Group. These strategies, to an extent, mitigate the Group's interest rate and credit risks.

Exposure to liquidity and credit risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

The Group's financing and treasury function operates as a centralized service for managing financial risks and activities as well as providing optimum investment yield and cost-efficient funding for the Group.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The Group actively manages its liquidity position so as to ensure that all operating, investing and financing needs are met. In mitigating liquidity risk, management measures and forecasts its cash commitments, matches debt maturities with the assets being financed, maintains a diversity of funding sources with its unhampered access to bank financing and the capital markets. As part of the liquidity risk management, the Group currently transacts with local banks for an extension and negotiation of higher undrawn credit lines to meet the suppliers' and contractors' obligations and business expansion.

Through scenario analysis and contingency planning, the Group also assesses its ability to withstand both temporary and longer-term disruptions relative to its capacity to finance its activities and commitments in a timely manner and at reasonable cost, and ensures the availability of ample unused credit facilities as back-up liquidity.

Cash are maintained at a level that will enable it to fund its general and administrative expenses as well as to have additional funds as buffer for any opportunities or emergencies that may arise.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Financial assets comprise of cash on hand and in bank, trade receivable, interest receivable and AFS financial assets. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investment in financial instruments. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. The Group's exposure to credit risk from cash on hand and in bank and AFS financial assets arise from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Real estate contracts

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts. The credit risk for installment contracts receivables is mitigated as the Group has the right to cancel the sales contract without need for any court action and take possession of the subject lot in case of refusal by the buyer to pay on time the amortization due. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

The credit quality of the financial assets was determined as follows:

Cash - based on the nature of the counterparty.

Receivables - high grade pertains to receivables with no default in payment; medium grade pertains to receivables with up to 3 defaults in payment; and low grade pertains to receivables with more than 3 defaults in payment.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages the equity price risk through diversification and placing limits on equity instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rate as it can cause a change in the amount of interest payments.

The Group manages its interest rate risk by leveraging on its premier credit rating and maintaining a debt portfolio mix of both fixed and floating interest rates. The portfolio mix is a function of historical, current trend and outlook of interest rates, volatility of short-term interest rates, the steepness of the yield curve, and degree of variability of cash flows.

ITEM 2: MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

Result of Operations

(Three months period ended March 31, 2024 compared to the three months period ended March 31, 2023)

Revenue

The financial performance of the Group has demonstrated strong growth, reflected in a 7% rise in total revenue, amounting to ₱231.10 million, compared to the corresponding period last year. These increments can be primarily attributed to the increase in real estate sales, which amounted to ₱169.64 million or a 6% rise. The company's new projects for sale have played a significant role in this increase in real estate sales.

A remarkable increase in commission income, amounting to ₱30.44 million, is attributable to the Group's marketing subsidiaries maximizing the sale of existing project developments, leading to a significant boost in commission income. Additionally, there was a notable 34% increase, amounting to ₱60.80 million, in other revenue, which can be associated with earnings derived from penalties, surcharges, and repossessions.

Overall, the Group's financial performance reflects positive growth driven by the introduction of new projects for sale in the market. This strong performance highlights the Group's strategic effectiveness in both expanding its real estate portfolio and enhancing its revenue streams through efficient marketing and sales operations. The impressive rise in commission income underscores the strength of the Group's marketing strategy and the successful execution of its sales initiatives. Furthermore, the increase in other revenue sources demonstrates the Group's ability to capitalize on ancillary income opportunities, contributing to its overall financial stability.

Cost and Expense

The Group has experienced a 6% rise, totaling ₱107.17 million, in its total costs and expenses compared to the corresponding period in the previous year. This increase can be attributed to various expense categories. Specifically, selling and administrative expenses increased by 12%, amounting to ₱59.93 million, due to higher commission expenses, taxes and licenses, and salaries and wages.

Interest expense saw a significant rise of 31%, or ₱108.07 million, driven by an increase in the volume of the Group's borrowings during the period as well as rising interest rates due to current market conditions. Additionally, income tax increased by 7%, or ₱29.55 million, attributable to higher taxable income for the period.

However, the cost of sales and services decreased by 6%, amounting to ₱60.83 million. The cost of real estate sales decreased by 5%, or ₱46.99 million, despite a 6% increase in real estate sales, which is attributable to new projects awaiting the actualization of costs incurred. The cost of rental income decreased by 9%, or ₱13.84 million, primarily linked to a decrease in rental income for the period.

The Group has expressed its commitment to closely monitoring its cost structure to ensure sustainable growth and profitability. To attain this objective, the company is actively considering strategies to diversify its revenue streams. Additionally, the Group acknowledges the importance of maintaining a prudent approach to borrowing. These efforts are expected to be crucial in successfully navigating the financial challenges presented by these factors. By carefully managing expenses and exploring new revenue opportunities, the Group aims to strengthen its financial position and drive long-term success.

Comprehensive Income

During the three-month period ending on March 31, 2024, the cumulative total comprehensive income of the organization experienced a 4% decrease, amounting to ₱53.12 million, compared to the equivalent period in the previous year. Although net income increased by 8%, or ₱94.38 million, other comprehensive loss from unrealized loss increased by ₱147.50 million. This indicates a decline in the value of financial assets held at fair value through other comprehensive income.

Financial Condition

(Three months ended March 31, 2024 compared to year ended December 31, 2023)

Total Assets

The company's financial standing, as reflected in its total assets, has experienced a slight improvement, with a 1% rise from December 31, 2023, to March 31, 2024. This increase in total assets suggests positive business growth, primarily driven by growth in receivables and real estate inventory. However, the company has witnessed a 17% decrease in cash and cash equivalents due to loan repayments and the allocation of capital towards expanding its real estate inventory and investment properties. The company intends to continue effectively managing its assets, optimizing sales, and maintaining a solid balance sheet to uphold its strong financial position and support future expansion.

Total Liabilities

The total obligations of the Group have not exhibited significant changes. However, a notable occurrence in the stated period is the second utilization of the syndicated notes facility on March 14, 2024, with a value of ₱3.00 billion. This drawdown was specifically employed to settle maturing loans. It demonstrates the company's proactive stance in handling its debt commitments and ensuring seamless financial functions. Despite the overall obligations maintaining their stability, the successful employment of the syndicated notes facility underscores the Group's capability to secure added funding and effectively manage its loan repayment necessities. This strategic choice aids in upholding the company's financial steadiness, liquidity, and capacity to pursue prospects for expansion.

Key Performance Indicators

	March 31, 2024	December 31, 2023
Current Ratio	2.66	2.29
Debt to Equity	0.86	0.909
Interest Coverage Ratio	489.89%	409.89%
Return on Asset	2.16%	6.03%
Return on Equity	4.87%	14.08%

*Notes to Key Performance Indicator:

1. Current Ratio = current assets (*cash, receivables, inventories, due from affiliates, prepaid commissions, and other current asset*) over current liabilities (*accounts payable, customer deposit, current portion of bank loans and income tax payables*).
2. Debt to Equity = Total debt over shareholder's equity.
3. Interest Coverage Ratio= Earnings before Income Tax and Interest Expense over Interest Expense
4. Return on Asset = Net Income over Total Assets
5. Return on Equity = Net Income over shareholder's equity.

Material Changes in the Balance Sheet (+/- 5%) as of March 31, 2024 versus the Balance Sheet as of December 31, 2023

In ₱ millions, except per share figures	HORIZONTAL ANALYSIS				VERTICAL ANALYSIS		
	March 31, 2024	December 31, 2023	Change		March 31, 2024	December 31, 2023	% Change
			Amount	%			
ASSETS							
Current Assets							
Cash and cash equivalents	₱2,452	₱2,968	(₱515)	(17.4%)	3.9%	4.8%	(0.9%)
Receivables	6,440	5,198	1,242	23.9%	10.3%	8.4%	1.9%
Contract assets	2,629	2,825	(195)	(6.9%)	4.2%	4.6%	(0.4%)
Real estate inventories	35,704	34,866	838	2.4%	57.0%	56.3%	0.7%
Other current assets	2,705	2,611	94	3.6%	4.3%	4.2%	0.1%
Total Current Assets	49,930	48,467	1,463	3.0%	79.8%	78.3%	1.5%
Noncurrent Assets							
Installment contracts receivables - net of current portion	1,326	1,600	(274)	(17.1%)	2.1%	2.6%	0.5%
Contract assets - net of current portion	2,886	3,359	(474)	(14.1%)	4.6%	5.4%	(0.8%)
Investment properties	6,594	6,559	35	0.5%	10.5%	10.6%	(0.1%)
Property and equipment	69	76	(7)	(9.4%)	0.1%	0.1%	0.0%
Financial assets at fair value through other comprehensive income (FVOCI)	579	727	(149)	(20.4%)	0.9%	1.2%	(0.3%)
Other noncurrent assets	1,201	1,109	91	8.2%	1.9%	1.8%	0.1%
Total Noncurrent Assets	12,655	13,432	(777)	(5.8%)	20.2%	21.7%	(1.5%)
	₱62,585	₱61,899	₱686	1.1%	100.0%	100.0%	
LIABILITIES AND EQUITY							
Current Liabilities							
Short-term debt	₱8,210	₱8,345	(₱134)	(1.6%)	13.1%	13.5%	(0.4%)
Accounts and other payables	6,198	6,122	76	1.2%	9.9%	9.9%	0.0%
Income tax payable	122	100	22	21.9%	0.2%	0.2%	0.0%
Contract liabilities - current portion	724	1,518	(793)	(52.3%)	1.2%	2.5%	(1.3%)
Long-term debt - current portion	3,543	5,072	(1,529)	(30.1%)	5.7%	8.2%	(2.5%)
Total Current Liabilities	18,798	21,157	(2,359)	(11.2%)	30.0%	34.2%	(4.1%)
Noncurrent Liabilities							
Long-term debt - net of current portion	12,022	10,423	1,600	15.3%	19.2%	16.8%	2.4%
Contract liabilities - net of current portion	123	257	(134)	(52.3%)	0.2%	0.4%	(0.2%)
Deferred tax liabilities - net	3,914	3,533	381	10.8%	6.3%	5.7%	0.5%
Retirement liabilities	12	15	(3)	(19.6%)	0.0%	0.0%	0.0%
Total Noncurrent Liabilities	16,071	14,228	1,843	13.0%	25.7%	23.0%	2.7%
Total Liabilities	34,868	35,384	(516)	(1.5%)	55.7%	57.2%	(1.5%)
Equity							
Capital stock	10,796	10,796	–	0.0%	17.3%	17.4%	(0.2%)
Additional paid-in capital	580	580	–	0.0%	0.9%	0.9%	0.0%
Retained earnings	17,819	16,469	1,351	8.2%	28.5%	26.6%	1.9%
Treasury shares	(1,600)	(1,600)	–	0.0%	(2.6%)	(2.6%)	0.0%
Net unrealized gain on fair value of financial assets at FVOCI	122	271	(149)	(55.0%)	0.2%	0.4%	(0.2%)
Remeasurement gains on pension - net of tax	(1)	(1)	–	0.0%	0.0%	0.0%	0.0%
Total Equity	27,717	26,515	1,202	4.5%	44.3%	42.8%	1.5%
	₱62,585	₱61,899	₱686	1.1%	100.0%	100.0%	

17% decrease in cash

The 17% reduction in cash and cash equivalents occurred due to repaying loans and investing capital into expanding the real estate inventory. These actions have had a beneficial effect on the company's financial leverage and credit standing, which could potentially result in more favorable borrowing conditions in the future.

24% increase in receivables

Receivables have increased by 24%, primarily due to a rise in real estate transactions. The company's successful sales efforts have resulted in higher accounts receivable as customers settle their obligations for property purchases.

7% decrease in contract assets

The decrease in current contract asset was brought about by the extensive project launches for the period which generated increased revenue and increased in the long-term contract assets.

17% decrease in installment receivables – net of current portion

Majority of the real estate sales as of first quarter of 2024 are from recognized sales from on-going projects and new project launches during the period, as the accounts falls due within the next twelve operating months, non-current portion of the accounts decreased.

14% decrease in contract assets – net of current portion

The decrease is attributable to the accelerated completion of some projects which also indicates that a larger share of the contract asset is expected to be realized within the next twelve months.

9% decrease in property and equipment

Decrease was due to the periodic depreciation recognized throughout the life of the Group's assets.

20% increase in financial assets at fair value through other comprehensive income

The decrease was caused by market uncertainties, including risks associated with interest rates and inflation, due to the current global economic situation.

8% increase in other noncurrent assets

The increase was due to advance payments made to contractors to develop raw lands purchased in the previous year, which are coming due within the 12 months of the current reporting period.

22% increase in income tax payable

The increase in income tax payable is due to the income tax liability incurred during the period.

52% decrease in contract liabilities – current portion

Advance collections which was initially recorded as liabilities from buyers whose properties are yet to be developed were already recognized as income since there is already an increase in project development accomplishments during the period.

30% decrease in long-term debt – current portion

The decrease in current portion of long-term debt was primarily due to schedule payments made as the debt matured. This indicates that the company has been effectively managing its debt obligations by making timely payments, thereby reducing its short-term liabilities.

15% decrease in long-term debt – net of current portion

Increase in long term debt was a result of the Group continuous effort of raising funds to support the business operations and extensive project developments throughout the country.

52% decrease in contract liabilities – net of current portion

Contract liabilities decreased by 52% as the company fulfilled its obligations from previously advanced collections over project completion. The decrease indicates that the company has satisfied its obligations and reduced the liability associated with advanced collections.

11% increase in deferred tax liabilities-net

Deferred tax liabilities increased by 11% due to timing differences in tax calculations. These differences in timing, such as recognizing revenue or expenses for tax purposes at different times than for accounting purposes, have led to an increase in the company's deferred tax liabilities.

20% decrease in retirement liabilities

The decrease in retirement liabilities was due to payments made towards contributions to the retirement fund.

8% increase in retained earnings

Increase in retained earnings is attributable to the net income recognized during the period.

55% decrease in net unrealized gain on fair value of financial assets at FVOCI

Decrease was due to the decrease in market price of investment securities in Philippine Racing Inc.

Material Changes in the Income Statement (+/-5%) for the Three-Month Period Ended March 31, 2024 versus the Income Statement for the Three-Month Period Ended March 31, 2023

In ₱ millions, except per share figures	March 31, 2024	March 31, 2023	HORIZONTAL ANAYSIS		VERTICAL ANALYSIS		
			Amount	Change %	March 31, 2024	March 31, 2023	% Change
REVENUE							
Real estate sales	₱3,193	₱3,023	₱170	5.6%	83.9%	84.6%	(0.7%)
Rental income	175	200	(25)	(12.6%)	4.6%	5.6%	(1.0%)
Interest income on receivables and contract assets	124	125	(1)	(0.7%)	3.3%	3.5%	(0.2%)
Commission income	31	1	30	(4,374.9%)	0.8%	0.0%	0.8%
Other revenue	273	204	69	33.7%	7.2%	5.7%	1.5%
	3,796	3,553	243	6.8%	99.8%	99.4%	0.3%
OTHER INCOME							
Interest income on cash and cash equivalents and short-term investments	9	21	(12)	(57.7%)	0.2%	0.6%	(0.4%)
Dividend income	–	–	–	(0.0%)	0.0%	0.0%	0.0%
	9	21	(12)	(56.0%)	0.2%	0.6%	(0.3%)
	3,805	3,574	231	6.5%	100.0%	100.0%	
COST OF SALES AND SERVICES							
Cost of real estate sales	847	894	(47)	(5.3%)	22.3%	25.0%	(2.8%)
Cost of rental income	137	151	(14)	(9.2%)	3.6%	4.2%	(0.6%)
	984	1,045	(61)	(5.8%)	25.9%	29.2%	(3.4%)
SELLING AND ADMINISTRATIVE EXPENSES							
Commissions	378	356	21	6.0%	9.9%	10.0%	0.0%
Taxes, licenses and fees	74	49	26	52.8%	1.9%	1.4%	0.6%
Salaries and wages and other benefits	31	14	17	122.6%	0.8%	0.4%	0.4%
Depreciation and amortization	17	4	13	303.2%	0.5%	0.1%	0.3%
Transportation, travel, office supplies and miscellaneous	17	14	3	25.3%	0.5%	0.4%	0.1%
Representation	13	33	(20)	(60.9%)	0.3%	0.9%	(0.6%)
Surcharges and penalties	7	5	2	49.0%	0.2%	0.1%	0.1%
Professional fees	7	9	(2)	(24.4%)	0.2%	0.3%	(0.1%)
Advertising	6	9	(3)	(35.0%)	0.2%	0.3%	(0.1%)
Utilities	3	2	2	86.9%	0.1%	0.1%	0.0%
Repairs and maintenance	2	1	1	69.5%	0.1%	0.0%	0.0%
Legal expense	2	1	1	53.9%	0.0%	0.0%	0.0%
Insurance expense	1	1	(0)	(10.6%)	0.0%	0.0%	0.0%
Software maintenance	–	0	(0)	(100.0%)	0.0%	0.0%	0.0%
Provision for (Recovery from) expected credit loss	–	–	–	0.0%	0.0%	0.0%	0.0%
	559	499	60	12.0%	14.7%	14.0%	0.7%
INTEREST EXPENSE	462	354	108	30.6%	12.1%	9.9%	2.2%
INCOME BEFORE INCOME TAX	1,800	1,676	124	7.4%	47.3%	46.9%	0.4%
PROVISION FOR INCOME TAX	449	420	30	7.0%	11.8%	11.7%	0.1%
NET INCOME	1,351	1,256	94	7.5%	35.5%	35.2%	0.3%
OTHER COMPREHENSIVE INCOME							
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods							
Unrealized losses on fair value of financial assets at FVOCI	(149)	(1)	(148)	12827.4%	(3.9%)	0.0%	(3.9%)
Remeasurement gains on pension - net of tax	–	–	–	0.0%	0.0%	0.0%	0.0%
	(149)	(1)	(148)	12827.4%	(3.9%)	0.0%	(3.9%)
TOTAL COMPREHENSIVE INCOME	₱1,202	₱1,255	(₱53)	(4.2%)	31.6%	35.1%	(3.5%)
Basic/Diluted Earnings Per Share	₱0.16	₱0.15	₱0.45				

6% increase in real estate sales

Real estate sales have seen a 6% increase, reflecting a positive trend in the company's real estate sales performance. The company's new projects for sale have played a significant role in the increase in real estate sales.

13% decrease in rental income

The decrease in rental income can be attributed to a reduction in the number of tenants occupying the company's properties.

4,375% increase in commission income

The Group's marketing subsidiary was able to maximize the sale of existing project developments resulting to increase in commission income during the period.

34% increase in other revenue

Other sources of income demonstrated a significant expansion of 34%, illustrating supplementary revenue streams beyond the company's primary operations. This growth can be associated with earnings derived from penalties, surcharges, and repossessions.

26% decrease in interest income on cash and cash equivalents and short-term investments

The decrease in interest income from banks can be attributed to a lower amount of cash being held in bank accounts, as funds are increasingly being utilized for operational purposes. With a greater portion of available cash being directed towards funding day-to-day operations, there is less cash available to deposit in interest-bearing accounts.

5% increase in cost of real estate sales

The cost of real estate sales decreased by 5%, despite a 6% increase in real estate sales, is attributable to new projects awaiting the actualization of costs incurred.

9% increase in cost of rental income

The decrease in the cost of rental income is attributed to a decline in the number of tenants occupying the company's properties, which resulted in reduced expenses associated with property management and maintenance.

6% increase in commission expense

Commissions expense increased by 6%, suggesting higher costs incurred in paying commissions to agents or brokers. This increase can be attributed to higher sales volumes during the period.

53% increase in taxes, licenses and fees

The increase was primarily attributable to the increase in real property taxes paid during the period arising from project developments and acquisition of raw lands for land banking activities.

123% increase in salaries, wages and other benefits

The increase was primarily due to the extended hiring activities of the Group to address the manpower needs in the increasing business operations. Also, increase can be attributed to the salary adjustments made during the last quarter of the previous year.

70% increase in repairs and maintenance

The increase in repairs and maintenance expenses is due to the costs incurred for upkeep on completed projects.

61% decrease in representation expense

The representation costs decreased by 61%, indicating efforts to reduce expenses in activities associated with representation. This decline can be attributed to the streamlining of operations, renegotiation of contracts with agents, or the utilization of internal resources.

35% decrease in advertising expenses

As the Group attains its significant milestone of enhancing brand awareness within the industry, it holds the confidence to scale back its marketing efforts, consequently reducing expenses associated with advertising.

25% increase in transportation, travel, office supplies and miscellaneous expenses

Transportation, travel, office supplies, and miscellaneous expenses increased by 25%, reflecting increased expenditure in these operational areas. This increase can be attributed to business expansion, increased travel requirements, and increase office supply needs.

24% decrease in professional fees

The decrease in professional fees can be attributed to the successful completion of in-house training programs, enabling the company to rely more on internal expertise rather than external consultants.

303% increase in depreciation and amortization

Depreciation and amortization expenses increased by 303%, suggesting higher depreciation charges on the company's assets. This increase can be attributed to the acquisition of new assets, expansion of property portfolios.

54% increase in legal expense

The increase in legal expenses is a result of the company's proactive approach to regulatory compliance and risk management, necessitating heightened legal support for complex contractual negotiations, litigation, and regulatory matters.

87% increase in utilities expenses

The increase in utilities expenses can be attributed to rising energy costs and expanded operational activities, including the use of additional equipment and facilities. Additionally, extreme weather conditions or inefficiencies in energy usage may also contribute to the uptick in utility expenditures.

49% increase in surcharges and penalties

Increase was due the incurrences of Government imposed penalties due to some delays in processing of documents related to business operations.

11% decrease in insurance expense

he company have reassessed and adjusted its coverage needs, leading to more cost-effective insurance policies. This strategic actions have contributed to the reduction in insurance costs.

100% decrease in software maintenance

Lesser amount of expenses related to website development and other MIS related expenses were incurred during the period.

31% increase in interest expense

Increase in interest expense was brought about by the increase in volume of the Group's borrowings during the period as well as the increasing interest rates due to the current market conditions.

7% increase in provision for income tax

Provision for income tax increased by 7%, indicating a higher amount set aside for income tax obligations. This increase can be attributed to higher net income.

12,827% decrease in unrealized gains on the fair value of financial assets at FVOCI

Decrease in unrealized gains on the fair value of financial assets at FVOCI suggests a significant decline in the value of financial assets held at fair value through other comprehensive income. This decrease can be attributed to market fluctuations valuation.

PART II – OTHER INFORMATION

Item 3: Three Months of 2023 Developments

No additional subscription was made by the Company nor was any merger executed.

A. Composition of Board of Directors

Vicente R. Santos	Chairman
Exequiel D. Robles	President
Mariza Santos-Tan	Treasurer
Aurora D. Robles	Assistant Treasurer
Antonio D. Robles	Director
Orestes R. Santos	Director
Simeon Cua	Director
Renato C. Francisco	Independent Director
Danilo A. Antonio	Independent Director

B. Performance of the corporation or result/progress of operations.

Please see the unaudited Financial Statements and Management's Discussion and Analysis on result of operation with regards to the performance of the corporation or result/process of operations.

C. Declaration of Dividends.

None

D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None

E. Offering of rights, granting of Stock Options and corresponding plans thereof.

None

F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

G. Other information, material events or happenings that may have affected or may affect market price of security.

None

H. Transferring of assets, except in normal course of business.

None

Item 4: Other notes to Operations and Financials as of March 31, 2024

- A. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents
None
- B. Nature and amount of change in estimates of amounts reported in prior periods and their material effect in the current period.
There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.
- C. New financing through loans/issuances, repurchases and repayments of debt and equity securities.
Second drawdown of the ₱5.00 billion unsecured syndicated term loan facility on March 14, 2024 amounting to ₱3.00 billion.
- D. All Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.
There were no material events subsequent to the end of the interim period that has not been reflected in the financial statements for the period covered.
- E. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investment restructurings, and discontinuing operations.
None
- F. Changes in contingent liabilities or contingent assets since the last annual balance sheet date.
None
- G. Existence of material contingencies and other material events or transactions during the interim period.
None
- H. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
None
- I. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations) , and other relationships of the company with unconsolidated entities or others persons created during the reporting period.
None
- J. Material commitments for capital expenditures, general purpose and expected sources of funds.
None
- K. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.
None
- L. Significant elements of income or loss that did not arise from continuing operations.
None
- M. Causes for any material change/s from period to period in one or more line items of the financial statements.

See Management Discussion & Analysis portion of the quarter report.

- N. Seasonal aspects that had material effect on the financial condition or results of operations.
None

- O. Disclosures not made under SEC Form 17-C
None

STA. LUCIA LAND, INC. AND SUBSIDIARIES**FINANCIAL RATIOS**

As of March 31, 2024

	March 31, 2024	December 31, 2023
Current Ratio	2.66	2.29
Debt to Equity	0.86	0.90
Interest Coverage Ratio	489.89%	409.89%
Return on Asset	2.16%	6.03%
Return on Equity	4.87%	14.08%

SIGNATURES

Pursuant to the Requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STA. LUCIA LAND INC.

Issuer

A handwritten signature in black ink, appearing to read 'Exequiel D. Robles', with a large, stylized flourish extending to the right.

EXEQUIEL D. ROBLES

President & CEO

Date: May 20, 2024