Kalahi Realty, Inc.

Suites 214-215, State Condominium IV
Ortigas Avenue, Greenhill's
San Juan City, Philippines
Telephone Nos. 8570-3639

KALAHI REALTY INC_SEC 17-A_11 MAY 2022

C O V E R   S H E E T

For

2021 AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	0	0	0	1	6	1	8	7	2	

C O M P A N Y   N A M E

KALAHI REALTY, INC.

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

Suite 214, State Condominium I
V, Ortigas Avenue, Greenhills
San Juan, CIiy Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
kalahirealty@yahoo.com	8570-3639	09167039624

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,624	Last Wednesday of May	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francis V. Gustilo	fvgustilo@yahoo.com	8570-3639	09189053316

CONTACT PERSON's ADDRESS

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

Kalahi Realty, Inc.

Suites 214-215, State Condominium IV
Ortigas Avenue, Greenhills
San Juan City, Philippines
Telephone Nos. 721-39-61

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **KALAHI REALTY, INC.** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2021 and 2020, including the additional components attached therein, in accordance with the prescribed financial recording reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members

Sycip Gorres Velayo and Co. (SGV & Co.), the independent auditors, appointed by the stockholders for the period ended December 31, 2021 and 2020 has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Franklin D. Matsuda
President/Chairman of the Board

Valentino M. Trobada
Chief Accountant

SUBSCRIBED AND SWORN to before me this MAY 0 4 2022 day of ___________ 2022. Affiants exhibiting to me their government issued identifications , as follows:

NAMES	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
FRANKLIN D MATSUDA	Driver's Lic.NO984027759		Expiry 11/05/2026
VALENTINO M TROBADA	Driver's Lic.CO181014274		Expiry 09/09/2024

NOTARY PUBLIC

ATTY. NELLY B. MOLINA
Notary Public for Quezon City
Until December 2022
Commission No. NP-125 (2021-2022)
Roll of Attorney No. 19379
PTR NO. SJ 1571179 1-3-2022
IBP No. 183825; 1-31-2022
MCLE Exemption No. VII-NPO03333; valid until 4-14-25
#12 Natib St., Cubao, Quezon City

DOC NO. 99
PAGE NO. 21
BOOK NO. 255
SERIES OF 2022

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended December 31, 2021

2. SEC Identification Number 161872 3. BIR Tax Identification No. 000-645-746-000

4. Exact name of issuer as specified in its charter:

   KALAHI REALTY INC.

5. Republic of the Philippines
   SAN JUAN, METRO MANILA

6. (SEC Use Only)
   Industry Classification Code:

7. SUITE 214 STATE, COND. IV, ORTIGAS AVENUE
   GREENHILLS, SAN JUAN, M.M. — 1502
   Address of principal office — Postal Code

8. (02)85703639
   Issuer's telephone number, including area code

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

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Class B Common	70,166,407

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

   Yes [ ]   No [x]

   If yes, state the name of such stock exchange and the classes of securities listed therein:

   ______________________   ______________________

12. Check whether the issuer:

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

Yes [x] On line submission of SEC Form 17-C (CGFD) on Nov. 26,2021 , SEC Form 17-A with AFS on April 30,2021 and SEC Form 20-IS on Aug. 19,2021.

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

Yes [x] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the registrant computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing at a book value per share of P2.02339. The non-affiliates represent 19.34% of total voting shares.

PART I
BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS

Kalahi Realty Inc. (KRI), is a stock corporation and was incorporated under the laws of the Republic of the Philippines on April 3, 1989 with registered office address at Suite 214, State Condominium IV, Ortigas Avenue, Greenhills, San Juan, Metro Manila

The company had not been encountering problems that may lead to bankruptcy, receivership or similar proceedings. Neither is there any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

Kalahi Realty Inc. is primarily engaged in the acquisition by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances.

In its initial operation KRI acquired ownership and administration of the Dizon Townhouses on P. Guevarra St., San Juan, comprising 17 townhouse units and six (6) condominium units in the State Condominium IV Building in Ortigas Avenue, Greenhills. Subsequently KRI acquired by purchase additional two (2) in the same building.

Initiating its operation in the subdivision business KRI entered into a Joint Venture Agreement for the development and subdivision of a 74-hectare land located approximately five (5) kilometers away north of the City of San Fernando, Pampanga. Since this land was several hundred meters away from the main highway, i.e. Mac Arthur highway, KRI bought some pieces of land between the property and the highway to provide a direct and more convenient access road to and from the prospective subdivision. The piece of land acquired and located closest to the highway, with an area of two (2) hectares, was developed, the concrete roadway constructed and the areas on both sides of the road were converted into commercial lots. To date a total of 3 lots remained unsold while a total of 20 lots were already disposed.

While the 74 hectares was privately owned it was formerly a private agricultural land, it was tenanted and subjected to land reform by the Agrarian Reform Commission who awarded some areas for distribution to the farmer tenants. In order to prevent the division of the property into small and separate parcels of land, KRI bought all the rights of the duly recognized tenants. Hence, the areas pertaining to the tenants together with some areas owned by the original owner also sold to KRI resulted in the ownership by KRI of 455,099 square meters out of the total 740,879 square meters, the balance of 285,780 square meters being retained by the original owner, subject to the Joint Venture Agreement.

KRI shares of stock are not registered for public sale with the Securities and Exchange Commission and the company is not listed in the Philippine Stock Exchange, KRI made it a point to assist stockholders by offering to buy shares of any stockholders who may decide to convert their shares of stock into cash. On Dec. 31,2011 the company was able to reacquire an accumulated 7,840,280 shares at a total purchase price of P11,146,534, now classified as treasury shares.

On October 10, 2005 KRI entered into a Joint Venture Agreements with NATIVIDAD ALIMURUNG AND DIZON LANDS REALTY AND DEVELOPMENT CORP. (DLRDC) under two Joint Venture Agreements (JVA's) .These are for the development of the 771,296 square meters of land for subdivision into a residential community for sale to the public. The resulting net saleable area of the 30,417 square meters of land, covered by the first JVA, will be divided between the Company and DLRDC on a 50:50 basis. Under the second JVA, the net saleable area of the 740,879 square meters shall be divided among joint ventures under the agreed rates as follows:

Kalahi Realty Inc.	35.50 %
Natividad N. Alimurung	13.50%
DLRDC	50.00%

Under the JVAs , all costs and expenses in the development from land preparation to full completion of all requirements to convert the land of the Company and Natividad Alimurung to commercially attractive lots for sale to the public, shall be totally for the account of DLRDC, the developer.

The registrant is in the realty business and its areas of concentration at the moment are Bacolor Pampanga and City of San Fernando where it is developing a residential subdivision. As a result of the development activity there was the Phase I which is 100% complete comprising of ten (10) has. that yielded developed lots divided into abovementioned distribution ratio which KRI (La Primavera project) shared ninety five (95) lots or approximately twenty seven thousand three hundred eighty five (27,385) square meters or 2.7 has. As of December 31,2021, a total of 84 lots were already sold.

As to the products or goods are or will be produced or services that are or will be rendered the registrant purely does and proposes up to the extent of leasing condo units and selling of Joint Venture lots.

Registrant sales contribution and net income mainly of local market only without any participation or any percentage of sales or revenues resulted from foreign sales. In which case it does not entail distribution methods of the products and services.

As a result of Joint Venture Agreement which was previously mentioned the company is dependent on sales force and strategy of JVA partner. It was also our experience that never from a single or few customer that the registrant business is solely dependent on generating revenues. Presently there are no major existing sales contracts so far entered. So much so that for the last sixteen (16) years the company merely relied on JVA partner for the development activities, cost and effects of compliance with environmental laws. Nevertheless, for the past three years no occurrence of problem with environmental regulations.

There was no publicly-announced new product or service so much so that no further engineering and product designing are necessary. In the same manner there were no principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements held.

The principal products or services and markets have indicated a very significant contribution to total revenues. Of the total revenues for the year one hundred percent (100%) represent rental income and bank interest while negative result as far sales of lots which definitely as an upshot by the prevailing pandemic disease.

The registrant is very dependent on the approach of the JVA partner in the project by selling acceptable medium-priced lots where other competitors have significant share of the market. The participation of KRI is purely as a land-owner. As stated in the joint venture contract the JVA partner was the one in charge of marketing and selling. ***The registrant is negative in identifying the area of competition as it merely awaits JVA partner strategy in operations.***

As of December 31, 2021, Phase I was fully developed and with regular maintenance. This Phase I produced sales that most of the revenues of the Company are emanating whereas Phase II is still under development.The company merely oversees and observe its JVA partner in competing with the market. ***Being dependent from JVA partner it is not necessary to describe and itemize major existing contracts, approval of principal products and steps taken in complying with governmental regulations.***

As of December 31, 2021 KRI employs a total number of three (3) permanent and regular employees composed of a. President; b. Vice President/Treasurer ;and c. Utility Staff while other three (3) personnel are categorized as management technical consultants Chief Accountant/Comptroller , Corporate Secretary and Administrative Assistant. Employees are not subject to Collective Bargaining Agreement (CBA) and for more than thirty years never a strike or dispute occurred. So much so that once the Government issued memo requiring adjustments on wages and benefits of employees and staffs as such are strictly adhered and effected.

There are main risk/s involved from the Company's financial instruments among others, credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks.

ITEM 2. PROPERTIES

Kalahi Realty Inc. (KRI) owns for development a total of 50.5 hectares of land between **San Isidro, Bacolor and Del Rosario, San Fernando in Pampanga**. Of the total the two (2) has. were located on the front and along the McArthur Highway in San Fernando, Pampanga developed and made available for sale and only three (3) lots remained unsold and reserved. The company also owns eight (8) office units at the **State Condominium IV, Ortigas, San Juan, Metro Manila**. Two (2) units are currently being used as offices by CMD & KRI. The remaining six (6) units are occupied and being rented as of Sept. 30,2020 and in the ensuing months of October to December only four (4) units under lease affected significantly as I said prevailing viral pandemic.

On April 1,2012, the registrant bought one (1) unit Condominium located at **PSE Exchange Centre Cond. Corp. Building, Ortigas Center, Pasig City** as part of expansion plan and that the property is now under rental.

The registrant has complete ownership of the above–mentioned properties and not one of these properties is mortgaged. ***Also, in the past and ensuing board meetings there are no resolutions wherein the company intends to acquire properties in the next 12 months***.

ITEM 3. LEGAL PROCEEDINGS

KRI has no pending legal proceedings of which any of its property.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of the stockholders was held virtually on Nov. 25, 2021*. The details under this item are contained in the minutes of stockholders and directors' meetings filed with the commission.*

PART II
OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information

Not Applicable

(2) Holders

*KRI has a total of **70,166,407** outstanding Common Class A shares (net of **7,840,280 treasury shares). As of December 31, 2021, the company has 2,624** (inclusive of KRI own treasury shares) stockholders on*

The top twenty (20) stockholders of the registrant as of December 31, 2020 are as follows:

	STOCKHOLDERS		SHARES	%
1	Lordiz and Co., Inc.	FILIPINO	10,360,350	14.77%
2	Diz-Marc Fortunes, Inc.	FILIPINO	10,156,459	14.47%
3	Little Flower Corporation	FILIPINO	6,615,632	9.43%
4	Markeisha Development Corporation	FILIPINO	5,607,343	7.99%
5	Fordjem Enterprises Inc.	FILIPINO	4,707,504	6.71%
6	Marcel Holdings Corporation	FILIPINO	4,481,304	6.39%
7	Lutgarda D. Lacson	FILIPINO	3,945,833	5.62%
8	Lourdes D. Dizon &/Or Fortunata D. Matsuda Account	FILIPINO	2,011,492	2.87%
9	Teresita D. Dizon	FILIPINO	1,865,374	2.66%
10	Carllo, Inc.	FILIPINO	1,828,268	2.61%
11	Juver Enterprises Inc.	FILIPINO	1,231,345	1.75%
12	Gibraltar Mining Enterprises, Inc.	FILIPINO	1,161,950	1.66%
13	Acrodiz Estate Realty & Development Corporation	FILIPINO	960,177	1.37%
14	Lourdes D. Dizon	FILIPINO	747,973	1.07%
15	Michael O. Uy	FILIPINO	480,500	0.68%
16	Abacus Securities Corporation	FILIPINO	466,419	0.66%
17	Elma Laguinia	FILIPINO	412,500	0.59%
18	Dizon-Jose Realty & Dev't. Corp.	FILIPINO	351,301	0.50%
19	Joel D. Matsuda.	FILIPINO	356,180	0.51%
20	Juvencio D. Dizon &/or Veronica C. Dizon	FILIPINO	234,235	0.33%
	Subtotal		57,982,139	82.64%
	OTHER STOCKHOLDERS		20,024,548	17.36%
	Subtotal		78,006,687	
	LESS : TREASURY SHARES		(7,840,280)	
	TOTAL SHARES		**70,166,407**	100.00%

(3) Dividends

The retained earnings are restricted for distribution as dividends to the extent of P11,146,534 representing the cost of treasury shares while most of the remaining balance is reserved for future plan of acquiring properties for development. There were no cash nor stock dividends declared during the year 2021.

(4) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered securities.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION

Comparative amounts of revenues, expenses, assets, liabilities and stockholders' equity are as follows (million):

	2021	2020	2019
Revenues	P 4.397	P 2.120	P 12 .340
Other Income	2.169	3.759	2.819
Cost of Sales & rental Income	(.512)	(1.029)	(2.009)
Operating Expenses	(4.482)	(4.124)	(7.111)
Provision for Income Tax	(.467)	(.045)	(1.651)
Asset	145.384	143.542	146.888
Liabilities	2.964	2.673	6.700
Equity	142.420	140.869	140.188

Results of Operations for 2021

Year ended December 31,2021 compared to year ended December 31,2020

For the year ended Dec. 31,2021, KRI's net income from its business segments registered an increase of 127.66% or P1.551 million from P.681 million in 2020 to P1.105 million in 2021.

Revenues
The total revenues went up by 107.39% or an increase of P2.277 million from P2.120 million for the 2020 to P4.397 million in 2021.

Real estate sales increased by P 2.281 million from nil in 2020 to P 2.281 million in 2021.

Rental and related services decreased by P.004182 million or by .20% from P 2.120 million in 2020 to P2.116 million in 2021.

Interest income decreased by 16.23% or by P.349 million from P2.152 million in 2020 to P1.803 million in 2021. The decrease was due to lower interest rate of deposits of placements or cash and cash equivalents as compensated by the significant increase of interests derived from instalment receivables. Other income was decreased by P1.241 million or 77.24% from P1.607 million in 2020 as compared to P.366 million in 2021 as the figures reflected in 2021 mainly due to reclassification of liability account to nominal account.

<u>Costs and Expenses</u>
Cost of real estate sales and rentals decreased by 50.23 % or b**y** P.517 million (from P1.029 million in 2020 to P .512 million in 2021). One of the components of the costs was costs of sales of lot which points the increase mainly due to a single sale of lot valued at P.153 million..

Gross Profit
Gross profit margin for real estate sales in 2021 pegged at 93.298% and zero in 2020 due to no sales made during the year 2020 while gross profit margin on rental and related services is at 83.02% in 2021 and 51.47 % in 2020.

Total operating expenses increased by P.357 million or by 8.67% in 2021 from P4.124 million in 2020 to P 4.481 million in 2021. The variances were brought about by the increase of personnel costs, repairs and maintenance and commission expense despite decreases on loss on write off of CWT and taxes and licenses accounts

<u>Financial Condition as of December 31,2021 compared to December 31,2020.</u>

As of December 31,2021 KRI, total assets increased to P145.384 million from the P143.543 million balance as of December 31,2020, an increase of P1.838 million or by 1.28%. The following are the material changes in account balances:

35.54*% Net Decrease in Cash and Cash Equivalents*
The net increase mainly due to reclassification of long term placements to short term investments. Note that Investment in Bonds account mostly classified as part of current assets

26.064*% Increase in Short-term investments*
The increase mainly due to above mentioned reclassification and the interest earned for the year.

19.30% Net Increase in Contract Receivables
The increase mainly due to recognition of single instalment sale of lot despite collection of old accounts.

75.73% Net Decrease in Other Receivables
The decrease mainly was due reversal of accrued interest.

0.26% Net decrease in Real Estate Inventories Account
Mainly due to a sale of one lot made during the year.

51*.37% Decrease in Investment Properties*
The decrease was mainly due to depreciation cost amounting to P.359 million.

2.13% Net decrease in Property and Equipment
The decrease mainly due to purchase of office equipment which partially decreased by corresponding depreciation of equipment.

16.90% Decrease in Accounts Payable, Accrued Expenses and Other liabilities
The decrease in these accounts among others payment of VAT and accrued payables.

76.09%Net increase in Contract Liabilities
The increase mainly due to set up of deposits of contract buyer .

0.78% Increase in Stockholders Equity
The increase is mainly the Company incurred a profit amounting P1.105 million.

Results of Operations for 2020

Year ended December 31,2020 compared to year ended December 31,2019

For the year ended Dec. 31,2020, KRI's net income from its business segments registered a decrease of 83.33% or P3.657 million from P4.388 million in 2019 to P.681 million in 2020.

Revenues
The total revenues went down by 82.82% or a decrease of P10.220 million from P12.340 million for the 2019 to P2.120 million in 2020.

Real estate sales decreased by P 9.841 million or by 100.00% from P9.841 million in 2019 to zero sales in 2020.

Rental and related services decreased by P.378 or by 15.14% from P 2.498 million in 2019 to P2.120 million in 2020.

Interest income decreased by 16.16% or by P.415 million from P2.567 million in 2019 to P2.152 million in 2020. The decrease was due to lower interest rate of deposits of placements or cash and cash equivalents and insignificant interests derived from instalment receivables. The change in other income was mainly due to recovery of written off accounts from JV partner amounting P.878 million.

Costs and Expenses

Cost of real estate sales decreased by 48.79 % or by P.980 million (from P2.009 million in 2019 to P 1.029 million in 2020). Costs of rental and related services have not changed.

Gross Profit
Gross profit margin for real estate sales is nil in 2020 and 90.04 % in 2019 while gross profit margin on rental and related services is at 51.47% in 2020 and 58.82 % in 2019.

Total operating expenses decreased by P2.986 million or by 42.00% in 2020 from P7.111 million in 2019 to P 4.124 million in 2020. The variances were brought about by decrease of retirement expense, officers and employees benefits, repairs and maintenance and bad debt expense.

Financial Condition as of December 31,2020 compared to December 31,2019.

As of December 31,2020 KRI, total assets increased to P143.439 million from the P146.888 million balance as of December 31,2019, a decrease of P3.449 million or by 2.35%. The following are the material changes in account balances:

43.19*% Net Decrease in Cash and Cash Equivalents*
The net decrease is mainly due to migration of regular time deposits to investment of bonds so as to yield higher interest rate. Note that Investment in Bonds account classified as part of current assets

7.81*% Increase in Short-term investments*
The increase is mainly due to interest earned for the year.

52.58% Net Decrease in Contract Receivables
The decrease mainly due to substantial collections.

67.30% Net Decrease in Other Receivables
The decrease mainly was due to collection of advances and accrual of interest.

0.00% Variance in Real Estate Inventories Account
Evidently no sale of lots made during the year.

59*.54% Decrease in Investment Properties*
The decrease was mainly due to depreciation cost amounting to P1.029 million.

100% Decrease in Property and Equipment
The decrease as reiterated mainly due to last amount depreciation of equipment.

62.54% Decrease in Accounts Payable, Accrued Expenses and Other liabilities
The decrease in these accounts among others lesser income tax obligation and substantial payment of VAT and accrued payables.

55.18% Decrease in Contract Liabilities
The decrease is mainly due to the higher contracts with buyers that qualified for revenue recognition as instalment receivable.

0.41% Increase in Stockholders Equity
The increase is mainly the Company incurred a profit amounting P.578 million.

KEY PERFORMANCE INDICATORS:

1.1. CURRENT RATIO - Measures ability to meet currently maturing obligations from existing current assets.

December 31,2021

CURRENT ASSETS	**₱ 114,952,109.00**	
CURRENT LIAB.	**₱ 1,712,107.00**	**= 67.14073 : 1**

December 31,2020

CURRENT ASSETS	**₱ 116,752,804.00**	
CURRENT LIAB.	**₱ 1,322,666.00**	**= 88.27081 : 1**

Current assets are sufficient to cover, if any, current obligations.

2.1. DEBT RATIO – Measures the relative amount of resources provided by shareholders and creditors. Indicates extent of leverage used and creditor protection in case of insolvency.

December 31,2021

TOTAL LIABILITIES	**₱ 2,963,0945.00**	
STOCKHOLDERS EQUITY	**₱ 142,420,416.00**	= **.020811 : 1**

December 31,2020

TOTAL LIABILITIES	**₱ 2,673,508.00**	
STOCKHOLDERS EQUITY	**₱ 140,869,036.00**	= **.018979 : 1**

The creditors are very much protected in case of insolvency meaning the company has good indication to meet its long term obligations, (if any).

3.1 RETURN ON STOCKHOLDERS EQUITY RATIO – Measures rate of earnings on resources provided by shareholders.

December 31,2021

NET INCOME (LOSS)	**₱ 1,551,380.00_**	
STOCKHOLDERS EQUITY	**₱ 142,420,416.00**	= **1.089296%**

December 31,2020

NET INCOME (LOSS)	**₱ 681,437.00__**	
STOCKHOLDERS EQUITY	**₱ 140,869,036.00**	= **0.48373%**

The ratio in the current year indicates favourable result in yielding revenue to recover investment.

4.1 EARNINGS PER SHARE (EPS) – Measures the amount of earnings attributable to each share of common stock.

NET INCOME(Loss)	**₱ 1,551,380.00**	
NO. OF SHARES OUTSTANDING	**70,166,407.00**	= **0.02211**

For the year ended the company's profitability in relation to each of its shares is improving as the ratio shows.

5.1 EQUITY RATIO - Measures total investment provided by stockholders.

December 31,2021

STOCKHOLDERS EQUITY	**₱ 142,420,416.00**	
TOTAL ASSETS	**₱ 145,384,361.00**	= **1.048396: 1**

December 31,2020

STOCKHOLDERS EQUITY	**₱ 140,869,036.00**	
TOTAL ASSETS	**₱ 143,542,544.00**	= **0.98137 : 1**

The total investments provided by the stockholders indicate a very favourable venture.

5.2 CREDITORS' EQUITY TO TOTAL ASSETS – Measures the amount resources provided by creditors.

December 31,2021

TOTAL LIABILITIES	**₱ 2,963,945.00**		
TOTAL ASSETS	**₱ 145,384,361.00**	=	**0.020386 : 1**

December 31,2020

TOTAL LIABILITIES	**₱ 2,673,58.00**		
TOTAL ASSETS	**₱ 143,542,544.00**	=	**0.01862 : 1**

The company's indication of being solvent is realistic and the same would be in relatively good long-term financial standing.

(5) Other Disclosures

Except as indicated in the Notes to financial statements and management's Discussion and Analysis of Financial Conditions and Results of Operations, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

The accounting policies and methods of computation adopted in the preparation of the unaudited interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements as of and for the year ended December 31,2021.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from the continuing operations.

Except for income generated from leasing, there are no seasonal aspects that have a material effect on the Company's financial conditions or results of operations. There are no unusual operating cycles or seasons that will differentiate the operations for the period ended December 31, 2021 from the operations of the rest of the year.

There are no changes in estimates of amounts reported in prior year (2020) that have material effects in the current interim period.

Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, and Financial Risk Exposures, there are no material events subsequent to December 31, 2021 up to the date of this report that have not been reflected in the financial statements for the interim period.

There are no material contingencies and any other events or transactions affecting the current interim period.

There are no known events that will trigger the settlement of a direct or contingent financial obligation that is material to the company.

Except for those discussed above, there are no seasonal aspects that have material effect on KRI's financial conditions or results of operations.

There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationship of the Company with entities or other persons created during the reporting period other than those that were previously reported.

The Company has no material commitments for capital expenditures and any significant elements of income or loss that did not arise from operations and seasonal aspects that had a material effect on the financial condition or results of operations.

There are no other information required to be reported that have not been previously reported in SEC Form 17-C.

ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

a. The principal accountant and external auditor of the Company is Sycip, Gorres, Velayo & Co. (SGV & Co.). The same accounting firm is being recommended for re-election at the meeting.

b. Representatives of SGV & Co. for the current year and for the most recently completed fiscal years are expected to be present at the meeting .They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68, Par.3 (Qualifications and Reports of Independent Auditors), the Company has engaged SGV & Co. as external auditor, and Mr. Bienvenido M Rebullido has been the Partner -in-Charge effective 2019 to present. Prior to Mr. Rebullido the engagement partner of the external auditing firm (SGV & Co.) were Ms. Julie Christine Mateo (2016-2018) Ms.Belida T. Beng Hui (2015) Julie Christine Mateo (2009-2014), Josephine Estomo (2003 to 2008) and Cynthia Manlapig (1997 to 2002).

By virtue of SEC 17-C that was filed on line on November 26,2021 such as the report of 2020 Annual Stockholders Organizational and committee meetings ,and SEC Form 20-IS filed on line also on August 19,2021 among others Proxy Statement SEC 17-A.

FINANCIAL STATEMENTS

Expiry date of each deferred income taxes recognized (PAS 12.81 e)
PAS 12 paragraph 81 states that the entity shall disclose in the notes to the financial statements the amount (and expiry date ,if any) of deductible temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the statement of financial position. The Company has recognized deferred income tax assets.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The company's External Auditor is still SGV & Co. This has been the Auditor since 1998. There was no event in the past twenty four (23) years where SGV & Co. and the company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

For 2021 the Audit fees amounted to P.160 million while the last two (2) calendar years 2020 and 2019 the Audit fees for professional services rendered by our external auditor (SGV & Co.) were pegged at P.160 million and P.200 million respectively, exclusive of VAT and out of pocket expenses (estimated to be 10% of fee). However, the actual fees may exceed these estimates based on changes to the business or scope of work.

The estimated pricing and schedule of performance are based upon, among other things, our preliminary review of the Company's records and the representations the Company's personnel have made to SGV & Co. and are dependent upon the Company's personnel providing a reasonable level of assistance. Should SGV & Co. assumptions with respect to these matters be incorrect or should the condition of records, degree of cooperation, results of our audit procedures, or other matters beyond our reasonable control require additional commitments by Audit company beyond those upon which our estimates are based, they may adjust their fees and planned completion dates. Fees for any special audit-related projects, such as proposed business combinations or research and or/ consultation on special business or financial issues, will be billed separately from the fees referred to above and will be the subject of written agreements.

PART III
CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

(1) Directors and Executive Officers

1. **RAYMUND ALEXANDER C. DIZON,** 60 years old, Filipino. ***He has been elected as Chairman and member of the board since 2006 until August 2018***. He holds various positions in different companies such as Cid 1945, Inc. as President in 1993; Noveau Cura Foto, Inc. as Vice President in 1995 ; Ashford Pharmaceutical, Inc. as Chairman in 1996; Vendiz Int'l. as Consultant in 1996 up to the present and was elected Chairman & President.

2. **FREDERICK D. MATSUDA,** 58 years old, Filipino. ***He has been elected member of the Board since 1996. He had been a President since 2003 up to August 2017***. Last Aug. 2017 he was elected as ***Vice President/Treasurer up to present***. He also served as Corporate Treasurer and member of the Board of Directors of Dizon Copper Silver Mines, Inc.in 1997 up to the present. Currently, he holds various positions in several other corporations, namely: Vice-President of Fordjem Enterprises, Inc., and Financial Management Consultant of Lordiz and Company, Inc. and Diz-Marc Fortunes, Inc.

3. **FRANKLIN D. MATSUDA,** 55 years old, Filipino. ***He has been elected member of the Board since 2003 up to present***. He was elected President in Aug. 2017. And in Aug. 2018 he was again elected as President and concurrent Chairman. He is the Marketing Manager of Lordiz & Co., Inc. and Diz-Marc Fortune, Inc. since 2001 up to present. He was elected member of the Board of Directors of CMD foundation and Fordjem Enterprises, Inc. in 1995 up to present. He is also the President of Makeisha Developers, Inc. from 2005 up to present and the Treasurer of Blocks & Bricks Realty, Inc. from 2005 up to present. He is also a Director of State Cond IV Corp. in 2006 up to the present.

4. **HERMOGENE T. TABBADA,** 61 **y**ears old, Filipino. He was elected independent director since last year up to present. A first time nominee for election as an independent director of the Company. He worked at DCCD engineering Corp. in 1992-93 under special projects of the OICC-US Eng. Brigade. He held also the position of treasurer of Catalina Bldg. Ind. In 1993-2002. He is presently holding a senior position in Edifix Construction Co. since 2003 up to present.

5. **ROBERTO S. GUEVARA,** 72 years old, Filipino. ***He was elected independent director since 2015 up to present.*** In the past 10 years, he held various positions in different companies such as Radiowealth Finance Company and Seed Capital Corporation as President and CEO, as director also of Guevent Investment & Development Corp., G & S transportation Corp. and as an Independent director of Megaworld Corporation.

6. **LAWRENCE D. FELICIANO,** 57 years old, Filipino. ***He has been elected member of the Board and for the first time in 2017*** *to replace his aunt who passed away in July 2017.He has been a Director of Carllo ,Inc. a property management and realty company for the past 7 years and also a Director of Nisus Properties Inc. for 21 year**s.***

7. **FRANCIS V. GUSTILO,** 73 years old, Filipino. ***He has been appointed as Corporate Secretary of the Company since 2003 and elected as member of the board in 2003 to 2005 and 2011 to present***. A practicing lawyer and a registered Chemical engineer, he is also an Executive Director of Tindig Porac Development Foundation, Inc.; past president of Rotary Club of Paranaque East President for RY2001-2002,district 3830, Chairman Mary Help of Christians Pabahay Foundation, Inc., Corporate secretary , Celestino-Maria Dizon Foundation Inc., Director, Waste to Energy (Phils.) Holdings Inc.and Independent director Rural Electrification Financing Corp.

8. **VALENTINO M TROBADA,** 70 years old, Filipino. ***He was appointed as Chief Financial Officer / Chief Accountant of the Company since April 2001***. Prior to his appointment he was an Audit Supervisor of DCSMI for the past 14 years and became also minesite Accountant for 4 years. He held also accounting positions in various companies.

Note: Board of Directors are elected every Annual Stockholder's Meeting.

(2) Significant Employees

No employee who is not an executive officer of the company is expected to make a significant contribution to the business. The business is not highly dependent on the services of any key personnel.

(3) Family Relationships

Frederick D. Matsuda, and Franklin D. Matsuda are brothers, Raymund Alexander C. Dizon and Lawrence Feliciano are cousins of brothers Frederick and

Franklin Matsudas both the brothers and cousins belong to the third generation of Dizon clan.

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(4) Involvement in Certain Legal Proceedings

*No one among the company's directors nor officers had been involved in any legal proceedings for the past **33** years up to the date of preparation of this report.*

ITEM 10. EXECUTIVE COMPENSATION

Name and Position	2021	2020	2019
Raymund Alexander Dizon *Chairman up to 2018*			
Franklin D. Matsuda *President/Chairman 2019 to present*			
Frederick D. Matsuda *Vice President/Treasurer*			
TOTAL FOR THE GROUP	₱833,280	₱809,280	₱785,280
ALL OFFICERS & DIRECTORS AS A GROUP UNNAMED	535,060	520,560	506,760
TOTAL DIRECTORS PER DIEM	₱67,500	₱15,000	₱85,000

SUMMARY COMPENSATION TABLE
ANNUAL COMPENSATION

Name and Position	Year	Salary	Bonus	Other annual compensation
Raymund Alexander Dizon *Chairman up to 2018*				–
Frederick D. Matsuda	2019	₱404,280		–
Vice President/Treasurer	2020	416,280		–
	2021	428,280		–
Franklin D. Matsuda	2019	381,000		–
President/Chairman	2020	393,000		–
	2021	405,000		–
All other officers and directors				

Francis Gustilo	2019	219,480	–
Corporate Secretary	2020	231,480	–
	2021	233,980	–
Valentino Trobada	2019	277,080	–
CFO/Chief Accountant	2020	289,080	–
	2021	301,080	–

Except for the above mentioned directors, all other directors have no standard arrangements, nor any other arrangements pertaining to compensation, either directly or indirectly. Furthermore, company has no existing Employment Contracts nor Termination of Employment and Change–in-Control Arrangements with its directors except as mentioned the President/Director, Vice-President/Director & Corporate Secretary/Director.

*The above named executive officers, and all other officers and directors as a group have never been holding and granted **outstanding warrants and options**.*

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(1) Security Ownership of Certain Record and Beneficial Owners

List of owners of more than 5% of the Company's stock

Title of Class	Name, Address of Record Owner & Relationship w/ issuer	Name of Beneficial owner & Relationship w/ record owner	Citizenship	Number of Shares held	Percent
Common Class B	Lordiz and Co., Inc. 14 Missouri St., San Juan, M.M. (No relationship with issuer)	Lourdes D. Dizon President	Filipino	10,360,350	14.77%
Common Class B	Diz-Marc Fortunes, Inc. 214 State Condo. IV Ortigas Ave., Greenhills, San Juan, M.M. (No relationship with issuer)	Teresita D. Dizon President	Filipino	10,156,459	14.47%
Common Class B	Little Flower Corp. 14 Missouri St., San Juan, M.M. (No relationship with issuer)	Lourdes D. Dizon President	Filipino	6,615,632	9.43%
Common Class B	Markeisha Developers, Inc. 40 Dragonfly St., Valle	Jessica M. Polintan President	Filipino	5,607,343	7.99%

	Verde 6, Pasig City 1604 (No relationship with issuer)				
Common Class B	Fordjem Enterprises, Inc. 40 Dragonfly St., Valle Verde 6, Pasig City 1604 (No relationship with issuer)	Fortunata D. Matsuda President	Filipino	4,707,504	6.71%
Common Class B	Marcel D. Holdings Corp. Unit J 386 P. Guevarra St., San Juan, M.M. (No relationship with issuer)	Teresita D. Dizon President	Filipino	4,481,304	6.39%
Common Class B	Lutgarda D. Lacson 14 Missouri St., San Juan, M.M. (No relationship with issuer)	Lutgarda D. Lacson	Filipino	3,945,833	5.62%

(2) Security Ownership of Management

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	R. Alexander C. Dizon Chairman	3,593	"r"	Filipino	0.51%
Common	Frederick D. Matsuda President	32,072	"r"	Filipino	0.0454%
Common	Franklin D. Matsuda Vice President	32,072	"r"	Filipino	0.0454%
Common	Lourdes D. Dizon Director	747,973	"r"	Filipino	1.0591%
Common	Francis V. Gustilo Director/Corp. Secretary	27,695	"r"	Filipino	0.0539%
Common	Hermogenes T. Tabbada Independent Director	1	“r”	Filipino	0.0%
Common	Roberto S. Guevara Independent Director	1	"r"	Filipino	0.0038%
Common	Valentino M. Trobada Chief Finance Officer/Chief Accountant	597	"r"	Filipino	0.0003%

AGGREGATE SHAREHOLDINGS OF DIRECTORS
AND OFFICERS AS A GROUP 844,004 “r” shares

(3) Voting Trust Holders of 5% or More

There are no persons or entities who hold 5% or more of any class of registrant's voting securities.

(4) Changes in Control

There are no arrangements which may result in a change in control of the registrant and no change in control has occurred since the beginning of the last financial year.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None of the Directors, Officers or any individual member of their immediate families own 10% or more of the outstanding shares of the company. As mentioned above the company entered into Joint Venture Agreement with Dizon Lands Realty and Natividad Alimurung for the property located in Pampanga. Dizon Lands Realty has a bigger share in the agreement which is 50%.

PART IV
EXHIBITS AND SCHEDULES

ITEM 13. CORPORATE GOVERNANCE

I .The evaluation system which established to measure or determine the level of compliance of the Board and top level management with its Revised Manual of Corporate Governance consists of Customer Satisfaction Survey which is filled up by the various functional groups indicating the compliance rating of certain institutional units and their activities. The evaluation process also includes a Board Performance Assessment which is accomplished by the Board indicating the compliance ratings. The above are submitted to the Compliance Officer who issues the required certificate of compliance with the Company's Manual of Corporate Governance to the Security and Exchange Commission.

II. To ensure good governance, the Board establishes the vision, strategic objectives, key policies, and procedures for the management of the company, as well as the mechanism for monitoring and evaluating Management's performance. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

III. There were no deviations from the Company's Revised Manual of Corporate Governance. The Company has adopted the Manual of Corporate Governance the leading practices and principles of good governance, and full compliance therewith has been made since the adoption of the Revised Manual.

IV. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

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

KALAHI REALTY , INC.

FRANKLIN D. MATSUDA
President/Chairman of the Board

FREDERICK D. MATSUDA
Vice President/Treasurer

VALENTINO M. TROBADA
Chief Accountant

FRANCIS V. GUSTILO
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 0 4 2022 day of ________ 2022. Affiants exhibiting to me their government issued identifications , as follows:

NAMES	CTC NO.	DATE OF ISSUE	PLACE OF ISSUE
FRANKLIN D MATSUDA	Driver's Lic.#NO984027759		Expiry 11/05/2026
FREDERICK D. MATSUDA	Driver's Lic.#NO980027761		Expiry 01/08/2023
VALENTINO M TROBADA	Driver's Lic.#CO181014274		Expiry 09/09/2024
FRANCIS V. GUSTILO	Driver's Lic..#N1470033305.		Expiry 11/24/2023

NOTARY PUBLIC

DOC NO. 98
PAGE NO. 21
BOOK NO. NJ
SERIES OF 2022

ATTY. NELLY B. MOLINA
Notary Public for Quezon City
Until December 2022
Commission No. NP-125 (2021-2022)
Roll of Attorney No. 19379
PTR NO. SJ 1571179 1-3-2022
IBP No. 183825; 1-31-2022
MCLE Exemption No. VII-NPO03333; valid until 4-14-25
#12 Natib St., Cubao, Quezon City

Kalahi Realty, Inc.

Suites 214-215, State Condominium IV
Ortigas Avenue, Greenhill's
San Juan City, Philippines
Telephone Nos. 8570-3639

CERTIFICATION

I, Frederick D. Matsuda, as the Vice President / Treasurer of Kalahi Realty, Inc., with SEC registration number 161872 with principal office at Suite 214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan, Metro Manila, on oath state:

1) That on behalf of Kalahi Realty, Inc. I have caused this SEC FORM 17-A to be prepared;

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That the company Kalahi Realty, Inc., will comply with the requirements set forth in SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and

4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

MAY 11 2022

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of May 2022.

Frederick D. Matsuda
Affiant

MAY 11 2022

SUBSCRIBED AND SWORN to before me this _____day of May 2022, affiant exhibiting his Passport no. P4703704B expire on February 05, 2030.

ATTY. NELLY B. MOLINA
Notary Public for Quezon City
Until December 2022
Commission No. NP-125 (2021-2022)
Roll of Attorney No. 19379
PTR NO. SJ 1571179 1-3-2022
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NOTARY PUBLIC

Doc. No. 214
Page No 44
Book No. 455
Series of 2022

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COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

KALAHI REALTY, INC.

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

214 State Condominium IV Ortigas Avenue, Greenhills, San Juan City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
kalahirealty@yahoo.com	8570-3639	0916-703-9624

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,624	11/25	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francis V. Gustilo	fvgustilo@yahoo.com	8570-3639	09189053316

CONTACT PERSON's ADDRESS

214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan City

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

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

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Kalahi Realty, Inc.
214 State Condominium IV
Ortigas Avenue, Greenhills
San Juan City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kalahi Realty, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

BUREAU OF INTERNAL REVENUE
SAN JUAN CITY
RECEIVED
MAY 11 2022
CO EMILIO [illegible] JR. 2/17
ADMINISTRATIVE ASSISTANT

SGV
Building a better
working world

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 34-2020 and 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Kalahi Realty, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
Tax Identification No. 248-415-617
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1801-A (Group A)
December 17, 2019, valid until December 16, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-136-2020, February 20, 2020, valid until February 19, 2023
PTR No. 8854355, January 3, 2022, Makati City

May 4, 2022

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

KALAHI REALTY, INC.

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

214 State Condominium IV Ortigas Avenue, Greenhills, San Juan City

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2,624	11/25	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Francis V. Gustilo	fvgustilo@yahoo.com	8570-3639	09189053316

CONTACT PERSON's ADDRESS

214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan City

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SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Kalahi Realty, Inc.
214 State Condominium IV
Ortigas Avenue, Greenhills
San Juan City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kalahi Realty, Inc. (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Supplementary Information Required Under Revenue Regulations No. 34-2020 and 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 34-2020 and 15-2010 in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Kalahi Realty, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
Tax Identification No. 248-415-617
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1801-A (Group A)
December 17, 2019, valid until December 16, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-136-2020, February 20, 2020, valid until February 19, 2023
PTR No. 8854355, January 3, 2022, Makati City

May 4, 2022

KALAHI REALTY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5, 21 and 22)	**₱21,077,605**	₱26,954,075
Investments in debt instruments (Notes 9, 21 and 22)	**32,146,800**	28,145,755
Installment receivables and contract assets - current (Notes 6, 21 and 22)	**3,360,025**	3,303,724
Other receivables (Notes 7, 21 and 22)	**72,757**	299,779
Real properties held for development and sale (Note 8)	**57,661,457**	57,814,331
Prepayments and other current assets	**633,265**	235,140
Total Current Assets	**114,951,909**	116,752,804
Noncurrent Assets		
Investments in debt instruments (Notes 9, 21 and 22)	**28,458,341**	25,046,800
Installment receivables and contract assets - net of current portion (Notes 6, 21 and 22)	**1,625,165**	1,043,739
Property and equipment (Note 10)	**5,869**	–
Investment properties (Note 11)	**339,989**	699,201
Deferred tax asset - net (Note 18)	**2,888**	–
Total Noncurrent Assets	**30,432,252**	26,789,740
TOTAL ASSETS	**₱145,384,161**	₱143,542,544

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12, 21 and 22)	**₱551,374**	₱661,411
Customers' deposits and contract liabilities (Notes 13 and 19)	**1,160,733**	659,154
Income tax payable	–	2,101
Total Current Liabilities	**1,712,107**	1,322,666
Noncurrent Liabilities		
Accrued retirement liability (Note 14)	**1,251,838**	1,063,778
Deferred tax liability - net (Note 18)	–	287,064
Total Noncurrent Liabilities	**1,251,838**	1,350,842
Total Liabilities	**2,963,945**	2,673,508
Equity (Note 15)		
Capital stock	**78,006,687**	78,006,687
Retained earnings	**75,560,263**	74,008,883
	153,566,950	152,015,570
Treasury shares, at cost	**(11,146,534)**	(11,146,534)
Total Equity	**142,420,416**	140,869,036
TOTAL LIABILITIES AND EQUITY	**₱145,384,361**	₱143,542,544

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE			
Real estate sales (Note 8)	**₱2,281,017**	₱–	₱9,841,759
Rental income (Notes 11 and 19)	**2,115,899**	2,120,081	2,498,312
	4,396,916	2,120,081	12,340,071
COST OF REAL ESTATE SALES AND RENTAL (Notes 8 and 11)	**512,086**	1,028,855	2,009,089
GROSS PROFIT	**3,884,830**	1,091,226	10,330,982
OPERATING EXPENSES (Note 16)	**4,481,715**	4,124,315	7,110,803
OTHER INCOME			
Interest income (Notes 5, 6 and 9)	**1,802,734**	2,152,054	2,567,005
Others - net	**365,849**	1,607,284	252,241
	2,168,583	3,759,338	2,819,246
INCOME BEFORE INCOME TAX	**1,571,698**	726,249	6,039,425
PROVISION FOR INCOME TAX (Note 18)	**20,318**	44,812	1,651,034
NET INCOME	**1,551,380**	681,437	4,388,391
OTHER COMPREHENSIVE INCOME			
TOTAL COMPREHENSIVE INCOME	**₱1,551,380**	₱681,437	₱4,388,391
EARNINGS PER SHARE (Note 20)	**₱0.022**	₱0.010	₱0.063

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	Capital Stock (Note 15)	**Retained Earnings**	**Treasury Shares, at cost** (Note 15)	**Total**
BALANCES AT DECEMBER 31, 2018	₱78,006,687	₱68,939,055	(₱11,146,534)	₱135,799,208
Net income	–	4,388,391	–	4,388,391
Other comprehensive income				
Total comprehensive income	–	4,388,391	–	4,388,391
BALANCES AT DECEMBER 31, 2019	78,006,687	73,327,446	(11,146,534)	140,187,599
Net income	–	681,437	–	681,437
Other comprehensive income				
Total comprehensive income	–	681,437	–	681,437
BALANCES AT DECEMBER 31, 2020	78,006,687	74,008,883	(11,146,534)	140,869,036
Net income	–	1,551,380	–	1,551,380
Other comprehensive income				
Total comprehensive income	–	1,551,380	–	1,551,380
BALANCES AT DECEMBER 31, 2021	**₱78,006,687**	**₱75,560,263**	**(₱11,146,534)**	**₱142,420,416**

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.
STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,571,698**	₱726,249	₱6,039,425
Adjustments for:			
Interest income (Notes 5, 6 and 9)	**(1,802,734)**	(2,152,054)	(2,567,005)
Depreciation (Notes 10, 11 and 16)	**359,945**	1,030,460	1,050,605
Retirement benefit expense (Note 14)	**188,060**	188,060	875,718
Operating income (loss) before working capital changes	**316,969**	(207,285)	5,398,743
Decrease (increase) in:			
Installment receivables and contract assets	**(637,727)**	4,132,941	3,840,039
Other receivables	**(28,590)**	37,833	1,146,694
Real properties held for development and sale	**152,874**	–	980,234
Prepayments and other current assets	**(416,407)**	12,274	(121,754)
Increase (decrease) in:			
Accounts payable and other liabilities	**(110,037)**	(1,104,055)	599,550
Customers' deposits and contract liabilities	**501,579**	(811,511)	(1,013,472)
Cash generated from (used in) operations	**(221,339)**	2,060,197	10,830,034
Interest received	**1,060,145**	1,055,279	1,415,697
Income taxes paid, including final taxes and creditable withholding taxes	**(294,289)**	(2,312,117)	(2,250,874)
Net cash generated from operating activities	**544,517**	803,359	9,994,857
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturity of investment in bonds (Note 9)	**7,000,000**	10,000,000	–
Investment in treasury bills (Note 9)	**(21,458,341)**	(21,145,755)	(20,520,284)
Interest received	**998,201**	1,359,972	679,700
Collection of advances to joint operator (Note 7)	**–**	–	1,518,305
Acquisition of property and equipment (Note 10)	**(6,602)**	–	–
Payments for investments in bonds (Note 9)	**(14,100,000)**	(32,046,800)	–
Proceeds from maturity of investment in treasury bills (Note 9)	**21,145,755**	20,520,284	–
Net cash used in investing activities	**(6,420,987)**	(21,312,299)	(18,322,279)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,876,470)**	(20,508,940)	(8,327,422)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**26,954,075**	47,463,015	55,790,437
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 5)	**₱21,077,605**	₱26,954,075	₱47,463,015

See accompanying Notes to Financial Statements.

KALAHI REALTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. **Corporate Information and Authorization for Issuance of Financial Statements**

Kalahi Realty, Inc. (the Company) was incorporated in the Philippines on April 4, 1989. The Company is primarily engaged in the acquisition by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances.

The Company's registered business address is Suite 214 State Condominium IV, Ortigas Avenue, Greenhills, San Juan City.

The financial statements were approved and authorized for issuance by the Board of Directors (BOD) on May 4, 2022.

2. **Basis of Preparation, Statement of Compliance and Change in Accounting Policies and Disclosures**

Basis of Preparation
The financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRSs). All values are rounded to the nearest Philippine peso, except when otherwise indicated.

Statement of Compliance
The financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have significant impact on the financial statements of the Company.

- *Philippine Interpretations Committee (PIC) Q&A 2018-12-H*

  On July 8, 2021, SEC issued SEC Memorandum Circular No. 8 requiring real estate companies to apply the presentation requirements of PIC Q&A No. 2018-12-H effective on or after January 1, 2021 using either full retrospective approach or modified retrospective approach. PIC Q&A 2018-12-H provides guidance on accounting for Common Usage Service Area (CUSA) Charges.

  The Company adopted the PIC Q&A using the full retrospective approach.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond June 30, 2021*

  The amendments provide relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Company shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Company adopted the amendments beginning January 1, 2021.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2022
- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- *Annual Improvements to PFRSs* 2018-2020 Cycle
  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*
  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

Effective beginning on or after January 1, 2023
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

Effective beginning on or after January 1, 2025
- PFRS 17, *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*

3. Summary of Significant Accounting and Financial Reporting Policies

Current versus Noncurrent Classification
The Company presents assets and liabilities in the statement of financial position based on current or noncurrent classification.

An asset is classified as 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 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is classified as current when it is:

- Expected to be settled in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within 12 months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as noncurrent.

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

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 months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Determination of Fair Value

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 Company.

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

The Company determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the Level of the fair value hierarchy. The Company obtains the fair value of its nonfinancial assets every three years through the use of an independent appraiser.

"Day 1" Difference

Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value ("Day 1" difference) in the profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where data used are not observable, the difference between the transaction price and model value is recognized in the profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" difference.

Financial Instruments

Initial Recognition and Measurement of Financial Instruments
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). Financial liabilities are classified and measured as financial liability at FVPL and amortized cost.

The classification at initial recognition depends on the contractual cash flow characteristics of the financial assets and the Company's business model for managing them. The initial measurement of financial assets, except for those classified as FVPL, includes the transaction cost. The exception is for trade receivables that do not contain a significant financing component. These are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or 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 instrument level. The Company'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 are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
Subsequent to initial recognition, the Company classifies its financial assets in the following categories:

- Amortized cost
- FVPL
- FVOCI
  - with recycling of cumulative gains and losses upon derecognition (debt instruments)
  - with no recycling of cumulative gains and losses upon derecognition (equity instruments)

The Company has no financial assets classified at FVPL and FVOCI as at December 31, 2021 and 2020.

Financial Assets at Amortized Cost (Debt Instruments)
The Company measures financial assets at amortized cost when:
- The financial asset is held within a business model with the objective to hold these and collect contractual cash flows; and,
- The contractual terms of the financial asset gives rise, on specified dates, to cash flows that are SPPI.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash and cash equivalents, investments in bonds and treasury bills presented as "Investments in debt instruments" and trade and other receivables.

Other Financial Liabilities
This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

This category includes rental deposits and accounts payables and other current liabilities, excluding advance rentals and statutory liabilities.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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.

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).

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

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the 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. The Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Classification of Financial Instruments Between Liability and Equity

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

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

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

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets
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 statement of financial position) when:
- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its right 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right 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 Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company 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 Company 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 Company could be required to pay.

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

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 exchange or modification is treated as a derecognition of the original liability. The difference in the respective carrying amounts is recognized in the profit or loss.

Real Properties Held for Development and Sale

Real properties held for development and sale are carried at the lower of cost and net realizable value (NRV). NRV is the selling price in the ordinary course of business, less costs of completion and the estimated cost to make the sale. Land and land development include properties held for future development and properties being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation. Cost incurred for the development and improvement of the properties includes land cost, amounts paid to contractors for construction and development and borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs.

Prepayments

Prepayments are expenses paid in advance and recorded as asset before they are utilized. Prepayments that are expected to be realized within 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment at the time the cost is incurred, if the recognition criteria are met, excluding the costs of day-to-day servicing.

The initial cost of property and equipment consists of its purchase price, including import duties, nonrefundable taxes and any directly attributable costs necessary in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the item has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

An item of property and equipment is derecognized when either it has been disposed or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gains or losses arising on the retirement and disposal of an item of property and equipment are recognized in the statement of comprehensive income in the year of retirement or disposal.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the assets:

	Number of Years
Construction equipment	5
Office equipment	2-5

The residual values, if any, useful lives and method of depreciation of the assets are reviewed and adjusted, if appropriate, at each reporting date and adjusted prospectively.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

Investment Properties

Investment properties are carried at cost, less accumulated depreciation and any accumulated impairment in value. Depreciation commences when the investment properties are available for use. Depreciation is computed using the straight-line method over the estimated useful life of 25 years. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

The residual amounts, useful life and depreciation method are reviewed periodically to ensure that the estimated residual values, and the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of investment property. Depreciation ceases at the earlier of the date the item is classified as held-for-sale or upon derecognition of the investment properties.

Investment property is derecognized when it has either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on the derecognition of an investment property are recognized in profit or loss in the year of derecognition.

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.

Impairment of Non-financial Assets
The carrying values of property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset is impaired. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts. The recoverable amount is the greater of fair value less cost to sell and value-in-use. Valuation allowances are provided for the carrying amounts of assets which are not expected to be recovered. Impairment losses, if any, are recognized in profit or loss. A previously recognized loss is reversed only if there has been a change in the estimates used to determine the asset's 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 profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as revaluation increase.

Interest in Joint Operations
The Company recognizes in its financial statements in relation to its interests in joint operations: (a) assets, including its share of any assets held jointly; (b) liabilities, including its share of any liabilities incurred jointly; (c) revenue from the sale of its share of the output arising from the joint operation; (d) share of the revenue from the sale of the output by the joint operation; and © expenses, including its share of any expenses incurred jointly.

Deposits
Mainly represent collections from buyers of real estate properties which will be applied against installment receivables upon recognition of revenue. This account also comprised of rental deposits paid by the Company's lessees which will be refunded at the end of the lease term, reduced by unpaid rental fees, penalties and/or deductions from repairs of damaged lease properties, if any.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Company issues more than one class of stock, a separate account is maintained for each class of stock and number of shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is credited to the 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settled the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Treasury Shares
The Company's common shares which are reacquired (treasury shares) are deducted from equity at cost. No gain or loss is recognized in the profit or loss on the purchase, sale or cancellation of the Company's common shares.

Retained Earnings
Retained earnings represent the cumulative balance of period net income or loss, dividend distributions, prior period adjustments, effects of changes in accounting policy and other capital adjustments.

Revenue and Cost Recognition
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 Company expects to be entitled in exchange for those goods or services. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as a principal or as an agent. The Company has concluded that it is acting as principal in majority of its revenue arrangements.

Sale of Real Estate
Revenue from sale of real estate properties, where a sufficient down payment has been received, the collectability of the sales price is reasonably assured, the receivables are not subordinated and the seller is not obligated to complete improvements, is accounted for using the full accrual method.

For sale of real estate under installment basis, full revenue recognition is applied when more than 25% of the contract price has been collected in the year of sale.

Cost of Real Estate Sales
Cost of subdivision land sold is determined with reference to the specific cost incurred on the acquisition cost of the land.

Information about Company's Performance Obligation
The Company entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

Contract Balances

Installment Receivables
Installment receivables represents the Company'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
Contract assets pertain to unbilled revenue from sale of real estate. This is the right to consideration that is conditional in exchange for goods or services transferred to the customer. Contract asset is reclassified to installment receivable from real estate buyers when the periodic amortization of the customer becomes due for collection.

Contract Liabilities
These pertain to unearned revenue from sale of real estate. This is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Collections from buyers of real estate properties are recognized as revenue once the Company's revenue threshold is reached.

Expenses

Expenses are charged to operations when incurred.

Leases
The Company 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.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue 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.

Retirement Benefits
The 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 method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset in profit or loss
- Remeasurements of net defined benefit liability or asset in OCI

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. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the pension liability or asset is the change during the period in the liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the pension liability or asset is recognized as expense or income in the statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan liability or 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. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. 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). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Income Taxes

Current Income Tax
Current income 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 are enacted or substantively enacted at the end of the reporting period where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred Income Tax
Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the end of the reporting period 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, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences, and the carryforward benefits of MCIT and NOLCO can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period.

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

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

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 statement of financial position. Deferred output VAT is also recognized for the unpaid portion of receivable from the sales transactions. When input VAT exceeds output VAT, the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

Provisions
Provisions are recognized when the Company has an obligation at reporting date as a result of a past event, it is probable that the Company will be required to transfer economic benefits in settlement, and a reliable estimate can be made of the amount of the obligation. 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 provisions due to the passage of time is recognized as an interest expense.

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

Earnings Per Share
Basic earnings per share is computed by dividing net income during the year by the weighted average number of common shares issued and outstanding after considering the retroactive effect, if any, of stock dividends declared during the year.

Operating Segment
For purposes of segment reporting, the Company's only primary activity and operating segment is real estate. This represents 100% of the total revenue in 2020, 2019 and 2018.

Events After the End of the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of the reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's financial statements in accordance with PFRSs requires management to make judgments and estimates that affect the amounts reported in the financial statements. 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. Actual results may ultimately differ from these estimates.

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

Existence of a Contract
The Company's primary document for a contract with a customer is the signed contract to sell. In cases wherein the contract to sell is not signed by both parties at report date, other signed documents including the reservation agreement, official receipts, quotation sheets and other documents are considered to contain the basic elements to qualify as a contract with the customer under PFRS 15.

Part of the Company's assessment process for revenue recognition is to assess the probability that the Company will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history with the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

Revenue recognition method and measure of progress
The Company concluded that revenue for real estate sales is to be recognized over time because: (a) The Company's performance does not create an asset with an alternative use and; (b) the Company has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Company's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. Further, the Company requires a certain percentage of bu'er's payments of total selling price (buyer's equity), to be collected as one of the criteria in order to initiate revenue recognition. Reaching this level of collection is an indication of buyer's continuing commitment and the probability that economic benefits will flow to the Company. In evaluating whether collectability of an amount of consideration is probable, the significance of the customer's initial payments in relation to the total contract price (TCP) is given consideration, that is at least 25% of the TCP.

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

Classification of Joint Arrangements
The Company determines the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The Company assesses its rights and obligations by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances. The Company classified joint arrangements with Natividad N. Alimurung (NNA) and Dizon Land Realty and Development Corporation (DLRDC) as joint operations. As such, the Company recognizes and measures the assets and liabilities (and recognizes the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant PFRS applicable to the particular assets, liabilities, revenues and expenses (see Note 8).

Distinction between Real Properties Held for Development and Sale, Investment Properties and Property and Equipment
The Company determines whether a property qualifies as real properties held for development and sale. In making this judgment, the Company considers whether the property will be sold in the ordinary course of business. For investment properties, the Company considers whether the property generates cash flows largely independent of the other assets and is held primarily to earn rentals or for capital appreciation. Property and equipment is held for use in the supply of goods or services or for administrative purposes. The Company considers each property separately in making its judgment.

Determination of Operating Lease Commitments - the Company as Lessor
The Company has entered into commercial property leases on its investment properties portfolio. The Company has determined that it retains all the significant risks and reward of ownership of these properties which are leased out on operating leases.

Estimates
The key estimates and 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 are as follows:

Revenue and Cost Recognition
The Company's revenue recognition policies require management to make use of estimates and assumptions that may affect the reported amounts of revenues and costs. The Company's revenue from real estate and construction contracts is recognized principally using the full accrual method.

Estimating Impairment of Receivables and Contract Assets
The Company uses judgment, based on the best available facts and circumstances, including but not limited to, assessment of the customers' operating activities (active or dormant), business viability and overall capacity to pay, in providing reserve allowance against recorded receivable amounts. These reserves are re-evaluated and adjusted as additional information is received. The Company regularly performs a regular review of the age and status of these accounts, designed to identify accounts for impairment.

The carrying values of installment receivables and contract assets and other receivables amounted to ₱4,985,190 and ₱72,757, respectively, as at December 31, 2021, and ₱4,347,463 and ₱299,779, respectively, as at December 31, 2020 (see Notes 6 and 7). No provision for impairment losses was recognized in 2021 and 2020.

Determination of NRV of Real Properties Held for Development and Sale
The Company's estimates of the NRVs of real properties held for development and sale are based on the most reliable evidence available at the time the estimates are made, of the amount that these assets are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

A new assessment is made on NRV in each subsequent period. When the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is a clear evidence of an increase in NRV because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value.

The Company's real properties held for development and sale amounted to ₱57,661,457 and ₱57,814,331 as at December 31, 2021 and 2020, respectively (see Note 8).

Estimation of the Useful Lives of Investment Properties
The Company estimates the useful lives of investment properties based on the internal technical evaluation and experience with similar assets. Estimated useful lives of the investment properties are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

There were no changes in the estimated useful lives of the Company's investment properties in 2021 and 2020.

Depreciation expense of investment properties amounted to ₱359,212 in 2021 and ₱1,028,855 in 2020 and 2019, respectively (see Note 11).

Recognition of Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at each financial reporting date and reduces the amounts to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets recognized amounted to ₱440,460 and ₱331,133 as at December 31, 2021 and 2020, respectively. Unrecognized deferred assets arising from NOLCO and MCIT as at December 31, 2021 amounted to ₱135,920 as management believes it is not probable that sufficient taxable profits will be available against which the future income tax deductions can be utilized (see Note 18).

5. Cash and Cash Equivalents

	2021	2020
Cash on hand	**₱50,000**	₱214,613
Cash in banks	**9,576,168**	8,348,137
Short-term deposits	**11,451,437**	18,391,325
	₱21,077,605	₱26,954,075

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits consist of time deposits made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn interest at the respective time deposit rates.

Total interest earned from cash and cash equivalents amounted to ₱284,600, ₱392,398 and ₱1,264,942 in 2021, 2020 and 2019, respectively.

6. Installment Receivables and Contract Assets

	2021	2020
Due within one year*	**₱3,360,025**	₱3,303,724
Due after one year*	**1,625,165**	1,043,739
	₱4,985,190	₱4,347,463

**Includes unbilled revenue from sale of real estate*

Installment receivables are interest-bearing at effective interest rates which range from 12% to 18% in 2021 and 2020 and are generally on 3 to 5 years term. Interest earned from installment receivables amounted to ₱379,734, ₱87,136 and ₱381,553 in 2021, 2020 and 2019, respectively.

There is no provision for impairment losses recognized in 2021, 2020 and 2019.

7. Other Receivables

	2021	2020
Rental receivable	**₱30,357**	₱30,357
Interest receivable	–	255,612
Others	**42,400**	13,810
	₱72,757	₱299,779

In 2019, the Company wrote-off advances to NNA amounting to ₱1,195,980 and collected advances to DLRDC amounting to ₱1,518,305.

Others include advances to officers and employees which are noninterest-bearing and are expected to be settled within the next financial year.

8. Real Properties Held for Development and Sale

Real properties held for development and sale pertain to land and land development carried at cost amounted to ₱57,661,457 and ₱57,814,331 as at December 31, 2021 and 2020, respectively.

The Company has two Joint Venture Agreements (JVAs) entered into with NNA and DLRDC for the development of the 771,296 square meters of land for subdivision into a residential community for sale to the public. Under the first JVA, the Company and DLRDC will share on a 50:50 basis for the first 30,417 square meters net saleable area.

Under the second JVA, the remaining net saleable area of the 740,879 square meters shall be divided among the joint operators under the agreed rates as follows:

The Company	36.5%
NNA	13.5%
DLRDC	50.0%

Under the JVAs, all costs and expenses in the development, from land preparation to full completion of all requirements to convert the land of the Company and NNA to commercially attractive lots for sale to the public, shall be totally for the account of DLRDC, the developer. There are no commitments and contingent liabilities that should be disclosed related to the JVA. Revenue from sale of real estate amounted to ₱2,281,017, nil and ₱9,841,759 in 2021, 2020 and 2019, respectively.

Cost of real properties held for development and sale sold amounted to ₱152,874, nil and ₱980,234 in 2021, 2020 and 2019, respectively.

9. Investments in Debt Instruments

Maturity Date	Interest Rate	**2021**	2020
Treasury bills			
January 6, 2021	1.26%	**₱–**	₱5,177,013
January 6, 2021	1.26%	–	15,968,742
January 4, 2023	1.58%	**21,458,341**	–
		21,458,341	21,145,755
Bonds			
September 27, 2021	3.32%	–	7,000,000
January 24, 2022	3.29%	**17,000,000**	17,000,000
May 7, 2022	2.34%	**8,046,800**	8,046,800
March 28, 2022	1.10%	**7,100,000**	–
March 9, 2024	1.90%	**7,000,000**	–
		39,146,800	32,046,800
		₱60,605,141	₱53,192,555

	2021	2020
Current	**₱32,146,800**	₱28,145,755
Noncurrent	**28,458,341**	25,046,800
	₱60,605,141	₱53,192,555

In December 2018, the Company purchased ₱10,000,000, fixed-interest commercial bond from a local bank. The bond carried an interest rate of 6.8% per annum and matured in March 2020 at face value. Interest income related to this bond amounted to ₱169,925 and ₱679,700 in 2020 and 2019, respectively.

In 2019, the Company purchased treasury bills amounting to ₱20,520,284 from a local bank which carried interest rates ranging 3.43% to 4.725% per annum and matured in July 2020. In July 2020, the Company purchased another treasury bills amounted to ₱21,145,755 at a rate of 1.26% per annum and will mature in July 2021. Interest income earned from treasury bills amounted to ₱14,868, ₱551,487 and ₱240,801 in 2021, 2020 and 2019, respectively, and is presented under "Interest income" in the statements of comprehensive income.

In 2020, the Company purchased fixed-interest commercial bond from a local bank totaling to ₱32,046,800. The bonds will mature in one to two years as disclosed in the table. Total interest income earned from these investments in bonds amounted to ₱911,638 and ₱951,108 in 2021 and 2020, respectively.

In 2021, the Company purchased treasury bills amounting to ₱21,458,341 from a local bank at a rate of 1.58% per annum and will mature in January 2023. Interest income earned from the treasury bill amounted to ₱125,330 in 2021.

In 2021, the Company purchased fixed-interest commercial bond from a local bank amounting to ₱7,100,000 at an interest rate of 1.10% per annum. The bonds will mature in March 2022. Interest income earned from this investment amounted to ₱28,887 in 2021. On the same year, the Company purchased another fixed-interest commercial bond amounting to ₱7,000,000 at an interest rate of 1.90% per annum. Interest income recognized from this investment amounted to ₱57,677 in 2021.

10. Property and Equipment

	2021		
	Construction Equipment	**Office Equipment**	**Total**
Cost			
Balance at beginning of year	**₱349,488**	**₱275,068**	**₱624,556**
Additions	–	**6,602**	**6,602**
Ending balances	**349,488**	**281,670**	**631,158**
Accumulated Depreciation			
Balance at beginning of year	**349,488**	**275,068**	**624,556**
Depreciation (Note 16)	–	**733**	**733**
Balance at end of year	**349,488**	**275,801**	**625,289**
Net Book Values	**₱–**	**₱5,869**	**₱5,869**

	2020		
	Construction Equipment	Office Equipment	Total
Cost			
Balance at beginning of year	₱349,488	₱275,068	₱624,556
Accumulated Depreciation			
Balance at beginning of year	349,488	273,463	622,951
Depreciation (Note 16)	–	1,605	1,605
Balance at end of year	349,488	275,068	624,556
Net Book Values	₱–	₱–	₱–

The cost of fully depreciated property and equipment still being used in operations amounted to ₱624,556 as at December 31, 2021 and 2020. Depreciation expense amounted to ₱733, ₱1,605 and ₱21,750 in in 2021, 2020 and 2019 respectively (see Note 16).

11. Investment Properties

This account consists of condominium units held for rental. The movements are as follows:

	2021	2020
Cost	**₱26,057,507**	₱26,057,507
Accumulated depreciation:		
Balance at beginning of year	**25,358,306**	24,329,451
Depreciation	**359,212**	1,028,855
Balance at end of year	**25,717,518**	25,358,306
	₱339,989	₱699,201

The fair value of investment properties amounted to ₱55,638,032 as at December 31, 2017 was determined based on valuation performed by an independent appraiser dated April 13, 2018. The fair value of the properties was arrived at using the Market Data Approach, wherein the value is based on sales, listings and other market data of comparable properties registered within the vicinity of the subject property. The 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.

Rental income generated from investment properties amounted to ₱2,115,899, ₱2,120,081 and ₱2,498,312 in 2021, 2020 and 2019 (see Note 19). Direct cost pertains to depreciation amounted to ₱359,212 in 2021 and ₱1,028,855 in 2020 and 2019.

Real property tax incurred amounted to ₱388,329, ₱324,593 and ₱219,290 in 2021, 2020 and 2019, respectively, and is included as part of "Taxes and licenses" under "Operating expenses" account in the statements of comprehensive income (see Note 16).

While the fair value of the investment property was not determined as at December 31, 2021, the Company's management believes that there were no conditions present in 2021 and 2020 that would significantly reduce the fair value of the investment property from that determined in 2018.

12. Accounts Payable and Other Current Liabilities

	2020	2020
Accrued expenses	**₱ 251,022**	₱271,973
VAT payable	**294,779**	339,607
Statutory liabilities	**5,573**	13,664
Others	–	36,167
	₱551,374	₱661,411

Accrued expenses consist of professional fees and utilities. Accrued expenses and other payables are expected to be settled within the next financial year.

13. Customers' Deposits and Contract Liabilities

	2021	2020
Rental deposits (Note 19)	**₱650,733**	₱619,154
Contract liabilities	**510,000**	40,000
	₱1,160,733	₱659,154

Contract liabilities pertain to collections from buyers of real estate properties which will be recognized as revenue upon reaching the 25% threshold. In 2021 and 2020, the Company recognized revenue from sale of real estate from contract liabilities amounting to nil and ₱559,714, respectively.

There were no forfeitures of contract liabilities' deposits in 2021 and 2020.

14. **Retirement Benefits**

The Company accrues estimated retirement benefits cost for its regular employees pursuant to RA No. 7641. The RA provides that in the absence of a retirement plan or agreement providing retirement benefits of employees in the establishment, an employee upon reaching the age of sixty years or more, but not beyond sixty-five years which is hereby declared the compulsory retirement age, who has served at least five years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half month salary for every year of service.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employees' retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table present the amounts recognized in the statements of financial position and statements of comprehensive income:

	2021	2020
Beginning balance	**₱1,063,778**	₱875,718
Current and past service costs	**135,085**	108,375
Interest expense	**52,975**	79,685
Retirement benefit expense	**188,060**	188,060
Ending balance	**₱1,251,838**	₱1,063,778

The discount rate used is 4.98% and 2.63% as of December 31, 2021 and 2020, respectively.

15. **Equity**

Capital Stock

The Company's authorized capital stock is 100,000,000 shares with par value of ₱1.00 per share. The following table summarizes the reconciliation of the issued and outstanding shares of capital stock as at December 31, 2021 and 2020:

	Number of Shares	Amount
Issued shares	78,006,687	₱78,006,687
Less treasury shares	7,840,280	11,146,534
Outstanding shares	70,166,407	₱66,860,153

Treasury Shares

As at December 31, 2021 and 2020, the Company holds 7,840,280 shares of its own shares with a total cost of ₱11,146,534. Accordingly, retained earnings are restricted for distribution as dividends to the extent of the cost of treasury shares as at December 31, 2021 and 2020.

16. Operating Expenses

	2021	2020	2019
Personnel (Note 17)	**₱1,481,342**	₱1,510,193	₱1,695,984
Consultancy	**595,060**	580,560	559,060
Commission	**497,540**	205,877	300,671
Taxes and licenses (Note 11)	**486,650**	578,889	493,395
Repairs and maintenance	**327,771**	154,990	769,659
Outside services	**207,058**	200,561	234,248
Retirement expense (Note 14)	**188,060**	188,060	875,718
Communication, light and water	**93,369**	90,364	84,538
Directors' fees	**90,994**	61,741	76,775
Dues and fees	**88,347**	78,170	51,857
Representation	**54,592**	37,328	154,328
Insurance	**38,730**	42,721	45,030
Rental	**36,880**	36,938	30,893
Transportation	**28,097**	29,138	53,028
Office supplies	**8,127**	14,703	59,968
Notarial fees	**4,750**	5,038	6,700
Depreciation expense (Note 10)	**733**	1,605	21,750
Loss on advances written off (Note 7)	**–**	–	1,195,980
Selling expense	**–**	–	75,000
Others	**253,615**	307,439	326,221
	₱4,481,715	₱4,124,315	₱7,110,803

17. Related Party Transactions

Parties are considered to be related if one party has the ability, directly and indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

Key Management Personnel

Short-term benefits of key management personnel amounted to ₱833,280, ₱809,280 and ₱785,280 in 2021, 2020 and 2019, respectively, while retirement expense amounted to ₱123,123 in 2021 and 2020.

18. Income Taxes

The components of the Company's provision for (benefit from) income tax are as follows:

	2021	2020	2019
Current	**₱37,980**	₱147,716	₱2,054,074
Adjustment in current tax expense due to change in income tax rate	**(12,310)**	–	–
Final	**284,600**	392,319	437,089
Deferred	**(289,952)**	(495,223)	(840,129)
	₱20,318	₱44,812	₱1,651,034

Provision for current income tax represents MCIT in 2021, which can be claimed as deduction from future tax payable until December 31, 2024, and RCIT in 2020 and 2019.

The Company's net deferred tax asset (liability) as at December 31 are as follows:

	2021	2020
Deferred tax assets on		
Customers' deposits on real estate sales	**₱127,500**	₱12,000
Accrued retirement benefit	**312,960**	319,133
	440,460	331,133
Deferred tax liability on uncollected gross profit on real estate sales	**(437,572)**	(618,197)
	₱2,888	(₱287,064)

The Company did not recognize deferred tax assets on MCIT and carryforward benefits of NOLCO amounting to ₱37,980 and ₱97,940, respectively, as at December 31, 2021 since management believes that it may not be probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized prior to its expiration.

As of December 31, 2021, the Company has incurred the following NOLCO which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years:

Year incurred	Carryforward Benefits Up To	Amount
2021	December 31, 2026	₱391,762

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability was signed into law. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. The following are the key changes to the Philippine tax law pursuant to the CREATE Act:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improperly accumulated earnings tax (IAET) is repealed.

Since CREATE Act is considered enacted or substantively enacted on March 26, 2021, the income tax rate used in computing for the provision for income tax under RCIT for the year ended December 31, 2020 was 30%, which resulted in the adjustment in the current tax expense of ₱12,310 in 2021. For 2021, the Company used 25% in its income tax calculation.

The reconciliation of provision for income tax computed at statutory income tax rate to provision for income tax as shown in the statements of comprehensive income is as follows:

	2021	2020	2019
Provision for income tax at statutory income tax rate	**₱392,925**	₱217,875	₱1,811,828
Adjustments to income tax resulting from:			
Impact of CREATE	**(463,351)**	–	–
Unrecognized deferred tax asset	**135,920**	–	–
Interest income subjected to final tax	**(71,150)**	(227,156)	(218,544)
Nondeductible expenses	**25,974**	54,093	57,750
Provision for income tax	**₱20,318**	₱44,812	₱1,651,034

19. Lease Agreements

The Company, as a lessor, has various lease agreements with third parties which provide for lease rentals based on an agreed fixed monthly rate or as agreed upon by the parties. The lease term, as provided in the lease agreements, ranges from one to two years.

Rental income generated from these lease agreements amounted to ₱2,115,899, ₱2,120,081, ₱2,498,312 in 2021, 2020 and 2019, respectively.

Related lease deposits recorded under “Customers’ deposits and contract liabilities” account in the statements of financial position amounted to ₱650,733 and ₱619,154 as at December 31, 2021 and 2020, respectively (see Note 13).

The future minimum lease receivables of the Company under its existing lease contracts that are collectible within one year amounted to ₱117,280 as at December 31, 2021 and 2020.

20. Earnings Per Share

Earnings per share is computed as follows:

	2021	2020	2019
Net income for the year (a)	**₱1,551,380**	₱681,437	₱4,388,391
Weighted average number of common shares outstanding (b)	**70,166,407**	70,166,407	70,166,407
Earnings per share (a/b)	**₱0.022**	₱0.010	₱0.063

21. Financial Risk Management Objectives and Policies

The Company’s financial assets and financial liabilities comprise cash and cash equivalents, short-term investments, investment in bonds, installment receivables and contract assets, other receivables, and accounts payable and other current liabilities (excluding statutory liabilities), which arise directly from its operations.

The main risks from the Company's financial instruments are credit risk and liquidity risk. The BOD reviews and approves the policies for managing these risks and are summarized as follows:

Credit Risk
Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimized and monitored by limiting the Company's associations to business parties with high creditworthiness. Installment and other receivables are monitored on an ongoing basis through the Company's management reporting system.

In the Company's real estate business, title to the property is transferred only upon full payment of the purchase price. There are also provisions in the sales contract which allow forfeiture of installments/deposits made by the customer in favor of the Company and retain ownership of the property. The Company has the right to sell, assign or transfer to third party and any interest under sales contract, including its related receivables from the customers. These measures minimize the credit risk exposure or any margin loss from possible default in the payments of installments.

The Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments. The Company deals only with financial institutions duly evaluated and approved by the BOD.

The Company's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying values of these instruments.

As at December 31, 2021 and 2020, the credit quality of the Company's financial assets follows:

	2021	2020
Cash and cash equivalents*	**₱21,027,605**	₱26,739,462
Investments in debt instruments - current	**32,146,800**	28,145,755
Investments in debt instruments - noncurrent	**28,458,341**	25,046,800
Installment receivables and contract assets	**4,985,190**	4,347,463
Other receivables	**72,757**	299,779
	₱86,690,693	₱84,579,259

**Excluding cash on hand amounting to ₱50,000 and ₱214,613 as at December 31, 2021 and 2020, respectively*

Cash and Cash Equivalents and Investment in Debt Instruments
Cash and investments in debt instruments are considered negligible since the counterparties are reputable banking institutions with high quality external credit ratings. Included in the cash and cash equivalents are cash in banks and short-term investments which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every deposit account per banking institution.

Receivables
The Company's financial assets are categorized based on the Company's collection experience with counterparties.

Liquidity Risk
Liquidity risk arises from the possibility that an entity will encounter difficulty in raising funds to meet associated commitments with financial instruments. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated funds from operations.

The Company's objectives to manage its liquidity profile are: (a) to ensure that adequate funding is available at all times; (b) to meet commitments as they arise without incurring unnecessary costs; (c) to be able to access funding when needed at the least possible cost; and (d) to maintain an adequate time spread of refinancing maturities.

The tables shown in succeeding page summarize and analyze the maturity profile of the Company's financial assets and liabilities in order to provide the complete view of the Company's liquidity and contractual commitments.

	December 31, 2021				
	On Demand	**Within 6 months**	**6 to 12 months**	**Over 1 year**	**Total**
Financial Assets					
Cash and cash equivalents	₱9,626,168	₱11,451,437	₱–	₱–	₱21,077,605
Short-term investments	–	–	32,146,800	–	32,146,800
Investment in bonds	–		–	28,458,341	28,458,341
Installment receivables and contract assets	2,263,093	591,102	505,830	1,625,165	4,985,190
Other receivables	72,757				72,757
	11,962,018	12,042,539	32,652,630	30,083,506	86,740,693
Financial Liabilities					
Accrued expenses	–	251,022	–	–	251,022
Rental deposits	407,031	119,500	634,202	–	1,160,733
Other payables	–	–	–	–	–
	407,031	370,522	634,202	–	1,411,755
Liquidity Position	₱11,554,987	₱11,672,017	₱32,018,428	₱30,083,506	₱85,328,938

	December 31, 2020				
	On Demand	Within 6 months	6 to 12 months	Over 1 year	Total
Financial Assets					
Cash and cash equivalents	₱8,562,750	₱18,391,325	₱–	₱–	₱26,954,075
Short-term investments	–	–	28,145,755	–	28,145,755
Investment in bonds	–	–	–	25,046,800	25,046,800
Installment receivables and contract assets	2,256,462	566,407	480,855	1,043,739	4,347,463
Other receivables	299,779	–	–	–	299,779
	11,118,991	18,957,732	28,626,610	26,090,539	84,793,872
Financial Liabilities					
Accrued expenses	–	271,973	–	–	271,973
Advances from joint operator					
Rental deposits	411,725	119,500	87,929	–	619,154
Other payables	36,167	–	–	–	36,167
	447,892	391,473	87,929	–	927,294
Liquidity Position	₱10,671,099	₱18,566,259	₱28,538,681	₱26,090,539	₱83,866,578

Financial Assets. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected dates the assets will be realized.

Financial Liabilities. The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date.

Capital Management

The primary objective of the Company is to ensure that it maintains a strong financial position and its financial performance in order to support its operating activities, objectives and its capital expenditures.

The following table summarizes the total capital considered by the Company:

	2021	2020
Capital stock	**₱78,006,687**	₱78,006,687
Retained earnings	**75,560,263**	74,008,883
	153,566,950	152,015,570
Less treasury shares at cost	**11,146,534**	11,146,534
	₱142,420,416	₱140,869,036

22. Fair Value Measurement and Disclosures

Fair Value of Financial Instruments

The comparison of the carrying value and fair value of the Company's financial instruments (other than those with carrying amounts that are not equal to their fair values) as at December 31 are as follows:

	2021		2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Debt instruments at amortized cost:				
Investment in treasury bills	**₱21,458,341**	**₱21,513,470**	₱21,145,755	₱21,145,755
Investment in bonds	**39,146,800**	**39,154,775**	32,046,800	32,070,650
Installment receivables and contract assets - net of current portion	**1,625,165**	**2,758,725**	1,043,739	1,014,363

The above financial instruments are categorized under Level 3 in the fair value hierarchy.

Installment Receivables and Contract Assets - Net of Current of Portion

The fair value of the noncurrent installment receivable is determined by discounting the future cash flow using the prevailing market rates for instruments with similar maturities as at December 31, 2021 and 2020, ranging from 3.20% to 3.84% and 2.60% to 2.72% (Level 3), respectively. An increase or decrease in the discount rates used would decrease or increase the fair value of the financial asset.

Investment in Bonds and Treasury Bills

The fair value of the investment in bonds and treasury bills is determined by discounting the future cash flow using the prevailing market rates for instruments with similar maturities as at December 31, 2021, ranging from 2.63% to 2.72%. An increase or decrease in the discount rates used would decrease or increase the fair value of the financial asset.

Cash and Cash Equivalents, Installment Receivables and Contract Assets - Current, Other Receivables Short-term Investments, and Accounts Payable and Other Current Liabilities

The carrying values approximate fair values due to the short-term nature of the balances.

As at December 31, 2021 and 2020, the Company has no financial instruments measured at fair value.

Assets for which fair value disclosure is required

Investment Properties

The fair value of the Company's investment properties amounting to ₱55,638,032 based on the appraisal report dated April 13, 2018 was determined using the Market Data Approach (see Note 11) and is classified under Level 3 of the fair value hierarchy.

In estimating the fair value of the investment property, management takes into account the market participant's ability to generate economic benefits by using the investment property in its highest and best use. Based on management assessment, the best use of the Company's investment property is its current use.

23. Operating Segments

The Company is primarily engaged in the acquisition by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether to improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind together with their appurtenances and considers such as its primary activity and only operating segment. Management monitors the operating results (net sales and net income) of the Company for the purpose of making decisions about resource allocation and performance assessment.

Revenue, net income, total assets and total liabilities as at and for the years ended December 31, 2021, 2020 and 2019 are the same as reported elsewhere in the financial statements.

Segment information for this reportable business segment is shown in the following table:

	2021	2020	2019
Revenue	**₱4,396,916**	₱2,120,081	₱12,340,071
Net income	**1,551,380**	681,437	4,388,391
Total assets	**145,384,361**	143,542,544	146,887,921
Total liabilities	**2,963,945**	2,673,508	6,700,322

There are no disaggregation of revenue other than those presented in the statements of comprehensive income.

24. Supplementary Information Required by the Bureau of Internal Revenue

Revenue Regulations No. 34-2020
The Company is not covered by the requirements and procedures for related party transactions under Section 2 of Revenue Regulations No. 34-2020.

Revenue Regulations No. 15-2010
The Company reported and/or paid the following types of taxes in 2021:

VAT
Details of the Company's net sales/receipts, output VAT and input VAT accounts are as follows:

a. Output VAT

The Company is a VAT-registered Company with VAT output tax declaration of ₱537,189 for the year based on the amount collected as rental income amounting to ₱2,115,899.

VAT payments made during the year amounted to ₱511,131.

The Company's sales are based on actual collections received, hence, may not be the same as amounts accrued in the statements of comprehensive income.

b. Input VAT

Balances at January 1, 2021	₱–
Current year's domestic purchases/payments for domestic purchase of service	26,057
Input VAT applied against output VAT	(26,057)
	₱–

Other Taxes and Licenses
Details of the Company's taxes and license fees in 2021 are as follows:

Real property tax	₱388,329
Business taxes	98,321
	₱486,650

Withholding Taxes
The categories of the Company's withholding taxes are as follows:

Expanded withholding taxes	₱82,907
Compensation and benefits	54,050
	₱136,957

No expanded withholding taxes payable as at December 31, 2021.

Tax Assessments and Cases
The Company has no ongoing tax assessments and cases with the Bureau of Internal Revenue as at December 31, 2021. Likewise, the Company has no other pending tax cases outside the administration of BIR as at December 31, 2021.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
Kalahi Realty, Inc.
214 State Condominium IV
Ortigas Avenue, Greenhills
San Juan City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Kalahi Realty, Inc. (the Company) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated May 4, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. This schedule is presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. This schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
Tax Identification No. 248-415-617
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1801-A (Group A)
December 17, 2019, valid until December 16, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-136-2020, February 20, 2020, valid until February 19, 2023
PTR No. 8854355, January 3, 2022, Makati City

May 4, 2022

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INDEPENDENT AUDITOR'S REPORT

The Shareholders and the Board of Directors
Kalahi Realty, Inc.
214 State Condominium IV
Ortigas Avenue, Greenhills
San Juan City

We have audited the financial statements of Kalahi Realty, Inc. (the Company) as at and for each of the three years in the period ended December 31, 2021, on which we have rendered the attached report dated May 4, 2022.

In compliance with Revised Securities Regulation Code Rule 68, we are stating that the above Company has two thousand three hundred five (2,305) stockholders owning one hundred (100) or more shares each.

SYCIP GORRES VELAYO & CO.

Bienvenido M. Rebullido II
Partner
CPA Certificate No. 0119460
Tax Identification No. 248-415-617
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 1801-A (Group A)
December 17, 2019, valid until December 16, 2022
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-136-2020, February 20, 2020, valid until February 19, 2023
PTR No. 8854355, January 3, 2022, Makati City

May 4, 2022

KALAHI REALTY, INC.
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- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX I

KALAHI REALTY, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2021

Unappropriated retained earnings, beginning	₱74,008,883
Less: Deferred tax assets, beginning	331,133
Cost of treasury shares	11,146,534
Unappropriated retained earnings, as adjusted to available for dividend distribution, beginning	62,531,216
Add: **Net income actually earned/realized**:	
Net income during the period	1,551,380
Decrease in deferred tax assets	(109,327)
	1,442,053
Total retained earnings available for dividend declaration, December 31, 2021	₱63,973,269

KALAHI REALTY, INC.

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J PURSUANT TO REVISED SRC RULE 68

DECEMBER 31, 2021

Schedule A. Financial Assets

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotations at balance sheet date	Interest received and accrued
Cash and cash equivalents	₱21,077,605	₱21,077,605	N/A	₱284,600
Investments in debt instruments	60,605,141	60,605,141	N/A	1,138,400
Installment receivables and contract assets	4,985,190	4,985,190	N/A	379,734
Other receivables	72,757	72,757	N/A	−
	₱86,740,693	₱86,740,693		₱1,802,734

Schedule B. Amounts Receivable from Directors, Officers, Employees, and Principal Stockholders (Other than Related Parties)

Name and Designation of debtor	Balance of Beginning of Period	Additions	Amounts collected	Amounts Written off	Current	Not Current	Balance at end of period
Advances to officers and employees	₱13,810	₱42,400	(₱13,810)	₱–	₱42,400	₱–	₱42,400

Schedule C. Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Non Current	Amount eliminated
Not Applicable							

Schedule D. Long Term Debt

Title of issue and type of obligation	Amount authorized by indenture	Amount shown as Current	Amount shown as Noncurrent
Not Applicable			

Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

Name of related party	Beginning balance	Ending balance
Not Applicable		

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the Group for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
		Not Applicable		

Schedule G. Capital Stock

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common stock	100,000,000	70,166,407	–	–	229,781	69,936,626