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April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
First Orient International Ventures Corporation
Covelandia Road, Barangay Pulvorista
Binakayan, Kawit, Cavite 4104

We have audited the accompanying financial statements of First Orient International Ventures Corporation (a wholly-owned subsidiary of KC Land Oriental Pacific Inc.) (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 30, 2025.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholder of the Company.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782/P-018; Valid until June 6, 2026
BIR Accreditation No. 08-005144-015-2023
Valid until June 4, 2026
PTR No. 10467138
Issued January 2, 2025, Makati City

April 30, 2025
Makati City, Metro Manila

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
First Orient International Ventures Corporation
Covelandia Road, Barangay Pulvorista
Binakayan, Kawit, Cavite 4104

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of First Orient International Ventures Corporation (a wholly-owned subsidiary of KC Land Oriental Pacific Inc.) (the Company), which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' 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 the audits 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Company applied for voluntary cancellation of its Provisional Accreditation as a Philippine Offshore Gaming Operator (POGO) Hub effective December 15, 2024 pursuant to Executive Order No. 74 for the immediate ban of Philippine offshore gaming operations in the Philippines. The Company is exploring opportunities to convert the properties from the previous venture into a mixed-use development.

Our opinion is not modified in respect to this matter.

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 PFRS Accounting Standards, 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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the 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 auditors' 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 auditors' 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 audits.

Report on the Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 21 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 First Orient International Ventures Corporation. The information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

Arthur Vinson Ong
ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782/P-018; Valid until June 6, 2026
BIR Accreditation No. 08-005144-015-2023
Valid until June 4, 2026
PTR No. 10467138
Issued January 2, 2025, Makati City

April 30, 2025
Makati City, Metro Manila

FIRST ORIENT INTERNATIONAL VENTURES CORPORATION
(A Wholly-owned Subsidiary of KC Land Oriental Pacific Inc.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash	4	**₱197,654,546**	₱145,591,423
Accounts and other receivables	5	**789,790**	285,864,699
Creditable withholding tax		**302,282,401**	212,653,782
Restricted cash	10	**–**	70,000,000
Other current assets	8	**128,237,435**	390,082,169
Total Current Assets		**628,964,172**	1,104,192,073
Noncurrent Assets			
Property and equipment	6	**170,067,406**	244,506,725
Investment properties	7	**14,866,350,915**	16,145,247,661
Other noncurrent assets	8	**996,942,488**	877,805,535
Total Noncurrent Assets		**16,033,360,809**	17,267,559,921
		₱16,662,324,981	₱18,371,751,994
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	9	**₱500,421,128**	₱725,886,234
Refundable deposits	14	**6,430,194**	–
Loans payable	10	**–**	436,766,743
Total Current Liabilities		**506,851,322**	1,162,652,977
Noncurrent Liabilities			
Advances from related parties	11	**11,415,182,041**	11,180,551,050
Net deferred tax liabilities	17	**1,193,992,471**	1,349,657,871
Refundable deposits	14	**–**	658,354,569
Retirement benefits liability	12	**3,813,113**	5,570,802
Total Noncurrent Liabilities		**12,612,987,625**	13,194,134,292
Total Liabilities		**13,119,838,947**	14,356,787,269
Equity			
Capital stock		**46,805,000**	46,805,000
Retained earnings	13	**3,494,271,101**	3,966,421,862
Cumulative remeasurement gain on retirement liability - net of deferred tax	12	**1,409,933**	1,737,863
Total Equity		**3,542,486,034**	4,014,964,725
		₱16,662,324,981	₱18,371,751,994

See accompanying Notes to Financial Statements.

FIRST ORIENT INTERNATIONAL VENTURES CORPORATION
(A Wholly-owned Subsidiary of KC Land Oriental Pacific Inc.)

STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2024**	2023
REVENUE	14		
Rental		**₱2,096,317,469**	₱2,039,950,176
Utilities		**687,923,430**	568,925,057
		2,784,240,899	2,608,875,233
COST OF SERVICES	15	**(1,031,490,993)**	(929,195,684)
GROSS INCOME		**1,752,749,906**	1,679,679,549
GENERAL AND ADMINISTRATIVE EXPENSES	16	**(891,280,430)**	(753,304,700)
UNREALIZED LOSS ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	7	**(1,363,648,756)**	(214,439,971)
LOSS ON PRE-TERMINATION OF LEASE AGREEMENTS	14	**(122,280,405)**	–
INTEREST INCOME	4	**272,395**	183,642
OTHER INCOME		**1,588,303**	13,995,811
INCOME (LOSS) BEFORE INCOME TAX		**(622,598,987)**	726,114,331
PROVISION FOR (BENEFIT FROM) INCOME TAX	17		
Current		**5,107,864**	13,406,667
Deferred		**(155,556,090)**	171,412,855
		(150,448,226)	184,819,522
NET INCOME (LOSS)		**(472,150,761)**	541,294,809
OTHER COMPREHENSIVE LOSS			
Item not to be reclassified to profit or loss -			
Remeasurement loss on retirement liability - net of deferred tax	12	**(327,930)**	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱472,478,691)**	₱541,294,809

See accompanying Notes to Financial Statements.

FIRST ORIENT INTERNATIONAL VENTURES CORPORATION
(A Wholly-owned Subsidiary of KC Land Oriental Pacific Inc.)

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2024**	2023
CAPITAL STOCK - ₱1,000 par value			
Authorized - 100,000 shares			
Issued and outstanding - 46,805 shares		**₱46,805,000**	₱46,805,000
RETAINED EARNINGS	13		
Balance at beginning of year		**3,966,421,862**	3,425,127,053
Net income (loss)		**(472,150,761)**	541,294,809
Balance at end of year		**3,494,271,101**	3,966,421,862
CUMULATIVE REMEASUREMENT GAIN ON RETIREMENT LIABILITY - Net of Deferred Tax	12		
Balance at beginning of year		**1,737,863**	1,737,863
Remeasurement loss		**(327,930)**	–
Balance at end of year		**1,409,933**	1,737,863
		₱3,542,486,034	₱4,014,964,725

See accompanying Notes to Financial Statements.

FIRST ORIENT INTERNATIONAL VENTURES CORPORATION
(A Wholly-owned Subsidiary of KC Land Oriental Pacific Inc.)

STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱622,598,987)**	₱726,114,331
Adjustments for:			
Unrealized loss on change in fair value of investment properties	7	**1,363,648,756**	214,439,971
Loss on pre-termination of lease agreements	14	**122,280,405**	–
Depreciation	6	**79,992,020**	85,342,936
Provision for expected credit loss (ECL)	5	**52,709,889**	–
Retirement benefit expense	12	**22,032,406**	1,860,784
Interest income	4	**(272,395)**	(183,642)
Write-off of advances	5	**–**	33,000
Operating income before working capital changes		**1,017,792,094**	1,027,607,380
Decrease (increase) in:			
Accounts and other receivables		**110,084,615**	(75,202,446)
Other assets		**126,957,781**	63,128,980
Increase (decrease) in:			
Accounts and other payables		**(243,634,593)**	130,418,225
Refundable deposits		**(651,924,375)**	88,066,875
Net cash generated from operations		**359,275,522**	1,234,019,014
Income tax paid		**(94,736,483)**	(104,990,197)
Benefits paid	12	**(6,057,848)**	–
Interest received		**272,395**	183,642
Net cash provided by operating activities		**258,753,586**	1,129,212,459
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment properties		**(57,422,399)**	(219,820,806)
Property and equipment	6	**(5,552,701)**	(21,413,132)
Additional advances to contractors		**–**	(74,000,000)
Cash used in investing activities		**(62,975,100)**	(315,233,938)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:	10		
Loans		**(437,500,000)**	(750,000,000)
Interest		**(10,846,354)**	(56,637,587)
Advances from related parties		**–**	(3,705,595)
Proceeds from advances from related parties	11	**234,630,991**	50,123,200
Net cash used in financing activities		**(213,715,363)**	(760,219,982)
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH		**(17,936,877)**	53,758,539
CASH AND RESTRICTED CASH AT BEGINNING OF YEAR		**215,591,423**	161,832,884
CASH AND RESTRICTED CASH AT END OF YEAR		**₱197,654,546**	₱215,591,423

(Forward)

		Years Ended December 31	
	Note	**2024**	2023
COMPONENTS OF CASH AND RESTRICTED CASH			
Cash on hand	4	**₱1,000,000**	₱1,000,000
Cash in banks	4	**196,654,546**	144,591,423
Restricted cash	10	**–**	70,000,000
		₱197,654,546	₱215,591,423

See accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

1. **Company Information**

First Orient International Ventures Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 4, 1988, primarily for the purpose of engaging in the purchase, exchange, bequest, devise or otherwise own, use, improve, develop, subdivide, sell, exchange, lease and hold, for investment purposes or otherwise, real estate property of all kinds, including, but not limited to land, buildings, houses, apartments or other structures, that the Company shall not engage in financial leasing, or in a Real Estate Investment Trust (REIT).

The Company is a wholly-owned subsidiary of KC Land Oriental Pacific Inc. (the Parent Company), a company incorporated in the Philippines.

As at December 31, 2024 and 2023, the Company has investment properties for leasing. Majority of these buildings are leased out to third parties and related parties as office spaces, dormitories and other commercial spaces.

Status of Operations

On January 24, 2019, the Company was granted a Provisional Accreditation as a Philippine Offshore Gaming Operator (POGO) Hub by the Philippine Amusement and Gaming Corporation (PAGCOR) valid until November 20, 2028.

On July 22, 2024, the Philippine Government banned the POGO operations and ordered PAGCOR to wind down and cease the operations of POGOs by the end of the year. Accordingly, the Company applied for the voluntary cancellation of the Company's Provisional Accreditation as a POGO Hub, which was approved effective December 15, 2024.

The cancellation of the Company's Provisional Accreditation as a POGO Hub resulted to the termination of various lease agreements and service agreements, application of advanced rental and refundable deposits to uncollected rental receivable, retrenchment of employees, removal of majority of the electricity and water meters inside the Company's premises, and application of security deposits to unpaid billings (see Notes 12 and 14).

As at report date, the Company is exploring opportunities to convert the properties from the previous venture into a mixed-use development.

The Company's registered address is Covelandia Road, Barangay Pulvorista, Binakayan, Kawit, Cavite 4104.

Approval of the Financial Statements

The financial statements of the Company as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) on April 30, 2025.

2. **Summary of Material Accounting Policy Information**

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee, including the SEC provisions.

The material accounting policy information used in the preparation of the financial statements are consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements are presented in Philippine Peso, which is the Company's functional and presentation currency. All values represent absolute amounts unless otherwise stated.

The financial statements of the Company have been prepared on a historical cost basis of accounting, except for "Land" and "Buildings" (both presented as part of "Investment properties" account) which are recognized at fair value and retirement benefits liability which is measured at the present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of consideration received in exchange for incurring liability. 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 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 not observable.

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 input that is significant to the fair value measurement as a whole) at the end of each reporting date.

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 as explained above.

Further information about the assumptions made in measuring fair value is included in Notes 7 and 19 to the financial statements.

<u>Adoption of Amendments to PFRS Accounting Standards</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024 -

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

<u>New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective</u>
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments,* and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

    - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term ‘cost method’ with ‘at cost’ following the deletion of the definition of ‘cost method’. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. The Company recognizes a financial asset or a financial liability in the statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way of purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of 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 (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in 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.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL and (b) financial assets at amortized cost and (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2024 and 2023, the Company does not have financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash, accounts and other receivables (excluding advances to officers and employees), security deposits (presented as part of "Other assets" account) and restricted cash are classified under this category (see Notes 4, 5, 8, and 10).

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2024 and 2023, the Company's accounts and other payables (excluding unearned income, statutory payables and deferred output value-added tax (VAT)), loans payable, advances from related parties and refundable deposits are classified under this category (see Notes 9, 10, 11 and 14).

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed.

Impairment of Financial Assets at Amortized Cost

The Company records an allowance for expected credit losses (ECL) 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. The difference is then discounted at an approximation to the asset's original effective interest rate.

For cash, restricted cash and security deposits, the Company has applied the general approach and has calculated ECL based on the 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For accounts and other receivables (excluding advances to officers and employees), the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of Financial Assets and 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 derecognized when:

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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

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

Classification of Financial Instrument 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;

- 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.

Otherwise, the financial instrument is classified as equity.

Creditable Withholding Tax (CWT)
CWT represents the amount withheld by the Company's tenants in relation to its rental income. This can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. Unapplied CWT is stated at its net realizable amount; this is carried forward and can be utilized in succeeding years.

Property and Equipment
Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalized borrowing costs.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When significant parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation is computed using the straight-line method over the following estimated useful lives of the property and equipment:

	Number of Years
Building	10
Transportation equipment	5
Machinery and equipment	5
Office furniture and fixture	5

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

Fully-depreciated assets are retained in the accounts until these are no longer in use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in statements of comprehensive income.

Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties pertain to land, buildings and construction in progress held to earn rentals. Investment properties are measured initially at cost. Subsequent to initial recognition, land and buildings are stated at fair value.

Fair value is determined by independent appraisers with sufficient experience with respect to both the location and the nature of the investment properties. Changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including corresponding tax effect.

Investment properties are derecognized when they have been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties are recognized in the statements of comprehensive income in the year of retirement or disposal.

Transfer is made to or from investment properties only when there is a change in use. For transfer from investment properties to owner-occupied, the deemed cost of subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, we account for such properties in accordance with the policy stated under property and equipment up to the date of change in use.

Construction in progress represents properties under construction and is stated at cost, including cost of construction, capitalized borrowing costs and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use. Assets under construction are reclassified to a specific category of investment properties when the construction and other related activities necessary to prepare the assets for their intended use are completed and the assets are available for use.

Other Assets

Other assets consist of input VAT, prepayments, deferred input VAT and advances to contractors. Assets that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as noncurrent assets.

Input VAT. Revenues, expenses and assets are recognized net of the amount of VAT, except in cases where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable, and receivables that are stated with the amount of tax included.

The net amount of VAT recoverable from the tax authority is presented under “Other assets” account in the statements of financial position.

Prepayments. Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Advances to Contractors. Advances to contractors are amounts paid in advance for the construction of buildings. Advances to contractors represent advance payments on goods and services to be incurred in connection with the Company’s projects and operations. These are capitalized as part of investment properties in the statements of financial position, upon actual receipt of services or goods and upon transfer of risks and rewards for which the advances were made, received and used by the Company. These are considered as nonfinancial instruments as these will be applied against future billings from contractors.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset or cash-generating unit is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, 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. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Deferred Output VAT

Deferred output VAT represents the VAT amount on credit sale of services that is not due to the tax authority until the corresponding amount of receivable is collected.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and paid.

Retained Earnings. Retained earnings represent the cumulative balance of net income and losses.

Cumulative Remeasurement Gain on Retirement Liability. Cumulative remeasurement gain on retirement liability comprises items of income and expense that are not recognized in profit or loss.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company perform its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in all of its revenue sources.

The following specific recognition criteria must also be met before revenue is recognized:

Utilities Income. Utilities income are recognized when the related services are rendered. This also includes common utilities, services and maintenance charges, as well as other incidental income in providing the service.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the assets, net of final tax.

Other Income. Income from other sources is recognized when earned during the period.

The following income outside the scope of PFRS Accounting Standards 15, *Revenue from Contracts with Customers,* are recognized as follows:

Rental Income. Rental income from operating leases is recognized on a straight-line basis over the lease term. Any difference between the rental income on a straight-line basis and rental fees per contract is recognized as "Accrued rent" under "Accounts and other receivables" in the statements of financial position.

<u>Cost and Expense Recognition</u>
Costs and expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Cost of Services. Cost of services are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

<u>Leases</u>
A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, the customers have both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and

- The right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as Lessor. Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term on the same basis as rent income. Contingent rents are recognized as revenue in the period in which these are earned.

Employee Benefits
Employee benefits represent short-term employee benefits, which are employee benefits that are wholly due within twelve months after the end of the period in which the employees render the related service.

Short-term Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits Liability. The Company has an unfunded, non-contributory defined benefit retirement plan that covers substantially all regular and full-time employees. The cost of providing benefits under the defined benefit plan is actuarially determined using projected unit credit method which reflects services rendered by employees to the date of valuation and incorporate assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, interest expense, and adjustment due to curtailment in the statements of comprehensive income.

Current service costs are recognized as expense in the profit or loss. These amounts are calculated periodically by independent qualified actuaries.

Interest on retirement liability is the change during the year in the retirement benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability.

Curtailment occurs when an entity significantly reduces the number of employees covered by a plan.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which these arise. Remeasurements are not reclassified to profit or loss in the subsequent periods.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Related Parties
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form. A related party transaction is a transfer of resources, services or obligations between the Company and its related parties.

Income Tax

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused net operating loss carryover (NOLCO), and unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences.

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

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Provisions

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

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

Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Events after the reporting date that provide additional information about the Company's financial position at reporting year (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Company's financial statements in conformity with PFRS Accounting Standards, requires management to make judgment, accounting estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and accounting estimates used in the financial statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such accounting estimates.

The accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

The following are the significant judgments, accounting estimates and assumptions made by the Company:

Assessing the Ability to Continue as a Going Concern. As discussed in Note 1 to the financial statements, the Company terminated its lease agreements, which may cast a significant doubt on the Company's ability to continue as a going concern. The Company is exploring opportunities to convert the properties from the previous venture into a mixed-use development. Moreover, the shareholders of the Company have continued to provide financial support to sustain the Company's operations and to settle its maturing obligations.

Management has assessed that the Company can continue as a going concern. Accordingly, the financial statements were prepared on a going concern basis.

Determining the Classification of Lease Commitments - Company as a Lessor. The Company entered into a number of operating lease agreements as a lessor. The Company has determined that it retains substantially all the risks and rewards of ownership of the assets being leased out under operating lease agreements.

Details of the Company's lease agreements are disclosed in Note 14 to the financial statements.

Rental income, including common utilities, services and maintenance charges, recognized in 2024 and 2023 is disclosed in Note 14 to the financial statements.

Distinguishing between Investment Properties and Owner-Occupied Properties. The Company determines whether a property qualifies as investment property. In making its judgment, the Company considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to the other assets used for administrative purposes.

Some properties comprise a portion that is held to earn rentals for capital appreciation and another portion used for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use for administrative purposes. The Company considers each property separately in making its judgment.

The carrying amount of in]vestment properties as at December 31, 2024 and 2023 is disclosed in Note 7 to the financial statements.

Assessing the ECL on Financial Assets at Amortized Cost. The Company estimates ECL of accounts receivable using a provision matrix. The provision rates are based on days past due for groupings of accounts and other receivables with similar credit risk characteristics and loss patterns. The provision matrix is based on the Company's historical default rates and is adjusted for forward-looking estimates, as appropriate.

For cash in banks, restricted cash and security deposits, the Company applies low credit risk simplification. It is the Company's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The resulting ECL for these financial assets is considered insignificant because the counterparties have no history of default and have good credit ratings.

Provision for ECL recognized in 2024 and the allowance for ECL as at December 31, 2024 and 2023 are disclosed in Note 5 to the financial statements.

Write-off of advances in 2023 is disclosed in Note 11 to the financial statements.

The carrying amounts of financial assets at amortized cost as at December 31, 2024 and 2023 are disclosed in the Notes 4, 5, 8 and 10 to the financial statements.

Estimating the Useful Lives of Property and Equipment. The Company estimates the useful lives of depreciable property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation for any period would be affected by changes in these factors and circumstances.

There was no change in the estimated useful lives of the Company's depreciable property and equipment in 2024 and 2023.

Depreciation of depreciable property and equipment in 2024 and 2023, and the carrying amount of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 6 to the financial statements.

Assessing the Fair Value Measurement of Investment Properties. The Company's land and buildings under "Investment properties" account is carried at fair value at the end of the reporting period. In determining the fair value of these assets, the Company engages the services of professional and independent firm of appraisers. In order to arrive at a reasonable valuation, the appraisers personally inspected the properties, requested information from reputable sources and considered the following: (a) extent, character and utility of the property; (b) sales and holding prices of similar land; (c) market value of the buildings and other land improvements; and (d) highest and best use of the land.

Unrealized loss on change in fair value recognized in the statements of comprehensive income in 2024 and 2023, and the fair value of land and buildings as at December 31, 2024 and 2023 are disclosed in Note 7 to the financial statements.

The carrying amount of construction in progress under "Investment properties" account as at December 31, 2024 and 2023, approximates its fair value, is disclosed in Note 7 to the financial statements.

Assessing the Impairment of Nonfinancial Assets. The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable value of nonfinancial assets using future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that these assets are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges under PFRS Accounting Standards.

No impairment loss on nonfinancial assets was recognized in 2024 and 2023. The carrying amounts of significant nonfinancial assets as at December 31, 2024 and 2023 are disclosed in the Notes 6, 7 and 8 to the financial statements.

Recognizing the Deferred Tax Assets. The Company's assessment on the recognition of deferred tax assets on nondeductible temporary differences is based on the forecasted taxable income of the following reporting period. This forecast is based on the Company's past results and future expectations on revenues and expenses.

The Company has recognized deferred tax assets as at December 31, 2024 and 2023 is disclosed in Note 17 to the financial statements.

4. Cash

This account consists of:

	2024	2023
Cash on hand	**₱1,000,000**	₱1,000,000
Cash in banks	**196,654,546**	144,591,423
	₱197,654,546	₱145,591,423

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations. Interest income earned amounted to ₱0.3 million and ₱0.2 million in 2024 and 2023, respectively.

5. Accounts and Other Receivables

This account consists of:

	Note	**2024**	2023
Accounts receivable from:			
Third parties		**₱22,902,207**	₱172,457,921
Related parties	11	**29,807,682**	23,213,240
Advances to officers and employees		**789,790**	153,753
Accrued rent		**–**	90,039,785
		53,499,679	285,864,699
Less allowance for ECL	16	**52,709,889**	–
		₱789,790	₱285,864,699

Accounts receivables are unsecured, noninterest-bearing and are generally collected within the next month.

Advances to officers and employees are noninterest-bearing and are settled through liquidation within the year.

Accrued rent represents the difference between the rental income on a straight-line basis over the lease term and rental fees per contract.

The Company recognized provision for ECL amounting to ₱52.7 million in 2024 (see Note 16).

In 2023, advances to a related party amounting to ₱33,000 were written-off (see Note 11).

6. Property and Equipment

The balances and movements in this account are as follows:

		2024				
	Note	**Building**	**Transportation Equipment**	**Machinery and Equipment**	**Office Furniture and Fixture**	**Total**
Cost						
Balances at beginning of year		**₱357,252,114**	**₱36,843,683**	**₱42,970,913**	**₱73,761,494**	**₱510,828,204**
Additions		**–**	**886,312**	**1,462,607**	**3,203,782**	**5,552,701**
Balances at end of year		**357,252,114**	**37,729,995**	**44,433,520**	**76,965,276**	**516,380,905**
Accumulated Depreciation						
Balances at beginning of year		**169,437,225**	**24,143,113**	**26,962,644**	**45,778,497**	**266,321,479**
Depreciation	16	**57,320,211**	**4,396,835**	**5,949,912**	**12,325,062**	**79,992,020**
Balances at end of year		**226,757,436**	**28,539,948**	**32,912,556**	**58,103,559**	**346,313,499**
Carrying Amount		**₱130,494,678**	**₱9,190,047**	**₱11,520,964**	**₱18,861,717**	**₱170,067,406**

		2023				
	Note	Building	Transportation Equipment	Machinery and Equipment	Office Furniture and Fixture	Total
Cost						
Balances at beginning of year		₱357,252,114	₱29,811,920	₱35,936,321	₱66,414,717	₱489,415,072
Additions		–	7,031,763	7,034,592	7,346,777	21,413,132
Balances at end of year		357,252,114	36,843,683	42,970,913	73,761,494	510,828,204
Accumulated Depreciation						
Balances at beginning of year		112,117,014	17,370,154	19,440,685	32,050,690	180,978,543
Depreciation	16	57,320,211	6,772,959	7,521,959	13,727,807	85,342,936
Balances at end of year		169,437,225	24,143,113	26,962,644	45,778,497	266,321,479
Carrying Amount		₱187,814,889	₱12,700,570	₱16,008,269	₱27,982,997	₱244,506,725

The cost of fully depreciated property and equipment that are still being used by the Company amounted to ₱43.8 million and ₱43.6 million as at December 31, 2024 and 2023, respectively.

7. Investment Properties

The balances and movements in this account are as follows:

	2024			
	Land	**Buildings**	**Construction in Progress**	**Total**
Balances at beginning of year	**₱2,786,400,000**	**₱12,956,776,000**	**₱402,071,661**	**₱16,145,247,661**
Additions	**–**	**–**	**84,752,010**	**84,752,010**
Unrealized loss on change in fair value	**–**	**(1,363,648,756)**	**–**	**(1,363,648,756)**
Reclassification	**–**	**486,823,671**	**(486,823,671)**	**–**
Balances at end of year	**₱2,786,400,000**	**₱12,079,950,915**	**₱–**	**₱14,866,350,915**

	2023			
	Land	Buildings	Construction in Progress	Total
Balances at beginning of year	₱2,499,726,000	₱13,193,762,000	₱291,230,414	₱15,984,718,414
Additions	–	–	374,969,218	374,969,218
Unrealized gain (loss) on change in fair value	286,674,000	(501,113,971)	–	(214,439,971)
Reclassification	–	264,127,971	(264,127,971)	–
Balances at end of year	₱2,786,400,000	₱12,956,776,000	₱402,071,661	₱16,145,247,661

Construction in progress amounting to ₱486.8 million and ₱264.1 million were reclassified to buildings upon completion of the construction in 2024 and 2023, respectively.

Advances to contractors amounting to ₱15.8 million and ₱94.4 million were applied to constructions completed in 2024 and 2023, respectively (see Note 8).

Income earned from the investment properties including common utilities, services and maintenance charges amounted to ₱2,784.2 million and ₱2,608.9 million in 2024 and 2023, respectively (see Note 14).

Direct operating expenses incurred for the investment properties which generate rental and utilities income aggregated ₱1,031.5 million and ₱929.2 million in 2024 and 2023, respectively (see Note 15).

Land and buildings are stated at fair value which was determined by independent appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment properties. The latest report of the independent appraiser was issued on March 1, 2024. Based on management's assessment, there were no conditions from the last date of appraisal that would significantly change the fair value of the land as at report date. However, there is a decrease in the fair value of the buildings due to depreciation and physical wear and tear.

The fair value of the land was estimated using the market approach. This is a comparative approach that considers sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on the factors of location, size and shape of the lot, time element and others.

The fair value of the buildings was estimated using the depreciated replacement cost method under cost approach of valuation based on the current cost of replacing an asset with its modern equivalent asset less deductions for physical deteriorsation and all relevant forms of obsolescence and optimization. Replacement cost, assessed utility level, and measurement for different types of obsolescence and depreciation were based on market observations and view of market participants.

The fair value measurement of the above investment properties has been categorized as Level 2.

Movements on the unrealized cumulative gain on changes in fair value of land and buildings are as follows (see Note 13):

	2024	2023
Balance at beginning of year	**₱4,527,393,016**	₱4,741,832,987
Unrealized loss on change in fair value of investment properties	**(1,363,648,756)**	(214,439,971)
Balance at end of year	**₱3,163,744,260**	₱4,527,393,016

The Company's real properties, operating assets and future developments are pledged as collateral for the Parent Company's long-term debt under an Omnibus Loan and Security Loan Agreement (OLSA) with a local bank which was fully settled in 2024. Consequently, the local bank released and discharged the Company from the lien of the real estate mortgage (see Note 10).

The Company and the Parent Company entered into a supplemental loan agreement amounting to ₱1,500.0 million as co-borrowers with a local bank. The proceeds of the additional loan facility shall be used exclusively to partially finance the construction of the Company's investment properties (see Note 10).

The Company capitalized borrowing costs for its investment properties under construction. In 2024, interest capitalized amounted to ₱11.6 million with a capitalization rate of 7.50%. In 2023, interest capitalized amounted to ₱60.7 million with a capitalization rate of 6.25% to 7.50% (see Note 10).

8. Other Assets

This account consists of:

	Note	**2024**	2023
Current:			
Security deposits	14	**₱95,082,705**	₱–
Prepayments		**28,687,571**	54,242,358
Deferred input VAT		**2,638,230**	13,314,811
Input VAT		**1,828,929**	322,525,000
		128,237,435	390,082,169
Noncurrent:			
Input VAT		**980,124,999**	716,612,302
Security deposits	14	**16,604,767**	143,965,902
Deferred input VAT		**212,722**	1,477,331
Advances to contractors		**–**	15,750,000
		996,942,488	877,805,535
		₱1,125,179,923	₱1,267,887,704

Prepayments mainly pertain to taxes paid in advance and unamortized portion of insurance for the Company's buildings and other properties and health insurance of employees. These are expected to be utilized and consumed within one year.

Advances to contractors represent advance payments on goods and services to be incurred in connection with the Company's construction projects. Advances to contractors amounting to ₱15.8 million and ₱94.4 million were applied to constructions completed in 2024 and 2023, respectively. This is considered as noncash financial information in the statements of cash flows (see Note 7).

9. Accounts and Other Payables

This account consists of:

	Note	**2024**	2023
Accounts payable		**₱413,427,003**	₱153,300,177
Retention payable		**42,440,381**	34,323,649
Accrued expenses		**27,961,640**	61,717,619
Unearned income	14	**10,579,631**	461,800,620
Statutory payables		**3,122,215**	5,763,119
Deferred output VAT		**2,890,258**	8,981,050
		₱500,421,128	₱725,886,234

Accounts payable are noninterest-bearing and are normally settled on a 30-day term. This includes the unpaid termination benefits amounting to ₱18.2 million, which was subsequently paid in January 2025 (see Note 12). This is considered as noncash financial information in the statements of cash flows.

Retention payable pertains to portion of billings of the contractors retained by the Company in accordance with the contract terms and is payable upon completion of projects.

Accrued expenses pertain to security services and utilities expenses already incurred but not yet billed. These are generally settled in the subsequent month.

Unearned income pertains to advance rental payments received from the Company's lessees which are expected to be applied to future rental charges.

Statutory payables are obligations to government agencies that are normally settled in the following month.

10. Loans Payable

On August 1, 2018, the Parent Company entered into an OLSA for a loan facility with a local bank. On February 1, 2021, the Company was designated to be a co-borrower and shall be jointly and solidarily liable for the obligations under the OLSA.

As at December 31, 2021, the Company is jointly and solidarily liable for the loan payable of the Parent Company amounting to ₱370.4 million. The loan payable was fully paid in 2022.

On July 5, 2021, the Company entered into a supplemental loan agreement amounting to ₱1,500.0 million with the same bank, in addition to the existing loan facility, subject to the terms and conditions set forth in the OLSA, except for interest rate. The supplemental loan facility is subject to monthly repricing and bears effective interest rates of 7.50% and 6.25% to 7.50% in 2024 and 2023, respectively. The loan matured in July 2024.

The proceeds of the additional loan facility shall be used exclusively to partially finance the construction of the Company's investment properties.

As at December 31, 2023, the Company has fully drawn its additional loan facility.

The loan agreement contains restrictive covenants which include, among others, maintenance of a debt-to-equity ratio not more than 2.33:1 throughout the term of the loan and debt service coverage ratio greater than 1.2:1 upon full year of commercial operations based on the Company's latest audited financial statements.

As at December 31, 2023, the Company has not received any written notice of non-compliance from the local bank.

The Company is also required to maintain a cash collateral account which at all times have a maintaining balance of an amount equivalent to at least one (1) month of debt service of the term loan facility principal and interest amortization. This is presented as "Restricted cash" in the statements of financial position.

As at December 31, 2023, the restricted cash amounted to ₱70.0 million.

Moreover, the Company is prohibited to declare or pay dividends to its stockholders and make any capital or asset distribution to its stockholders until full payment of the loan, unless with written consent from the bank (see Note 13).

The loans are secured by the real properties, operating assets and future developments thereon of the Company (see Note 7).

On June 21, 2024, the Company fully settled its loan. Accordingly, the local bank released and discharged the Company from the lien of the real estate mortgage, which forms part of the OLSA, as well as the loan covenants (see Note 7). Moreover, the restricted cash was deposited in the Company's bank account.

Balances and movements of this account are as follows:

	2024	2023
Principal at beginning of year	**₱437,500,000**	₱1,187,500,000
Payments	**(437,500,000)**	(750,000,000)
Principal at end of year	**–**	437,500,000
Unamortized debt issue costs	**–**	(733,257)
Balance at end of year	**₱–**	₱436,766,743

Movements of unamortized debt issue costs are as follows:

	2024	2023
Balance at beginning of year	**₱733,257**	₱4,843,630
Amortization	**(733,257)**	(4,110,373)
Balance at end of year	**₱–**	₱733,257

Amortization of debt issue costs is considered as noncash financial information in the statements of cash flows.

Capitalized Borrowing Costs
The Company capitalized borrowing costs amounting to ₱11.6 million and ₱60.7 million in 2024 and 2023, respectively. This is considered as noncash financial information in the statements of cash flows (see Note 7).

Reconciliation of Cash Flows from Financing Activities
Reconciliation of liabilities arising from financing activities in 2024 and 2023 are as follows:

	2024					
	Balance at Beginning of Year	**Capitalization of Borrowing Cost**	**Financing Cash Flows**		**Amortization of Debt issue Cost**	**Balance at End of Year**
			Proceeds	**Payments**		
Advances from related parties	**₱11,180,551,050**	**₱–**	**₱234,630,991**	**₱–**	**₱–**	**₱11,415,182,041**
Loans payable	**436,766,743**	**–**	**–**	**(437,500,000)**	**733,257**	**–**
Interest payable	**–**	**11,579,611**	**–**	**(10,846,354)**	**(733,257)**	**–**
	₱11,617,317,793	**₱11,579,611**	**₱234,630,991**	**(₱448,346,354)**	**₱–**	**₱11,415,182,041**

	2023					
	Balance at Beginning of Year	Capitalization of Borrowing Cost	Financing Cash Flows		Amortization of Debt issue Cost	Balance at End of Year
			Proceeds	Payments		
Advances from related parties	₱11,134,133,445	₱–	₱50,123,200	(₱3,705,595)	₱–	₱11,180,551,050
Loans payable	1,182,656,370	–	–	(750,000,000)	4,110,373	436,766,743
Interest payable	–	60,747,960	–	(56,637,587)	(4,110,373)	–
	₱12,316,789,815	₱60,747,960	₱50,123,200	(₱810,343,182)	₱–	₱11,617,317,793

11. Related Party Transactions

In the normal course of business, the Company has transactions with its related parties which consist of the following:

			Amounts of Transactions		Outstanding Balance		
	Note	Nature	**2024**	2023	**2024**	2023	Terms and Conditions
Accounts Receivable	5						
Under common stockholders		Rental and utilities income	**₱39,428,205**	₱1,882,693,050	**₱29,807,682**	₱23,213,240	Unsecured, noninterest-bearing and are generally collected within the next month
		Allowance for ECL	**(29,807,682)**	–	**(29,807,682)**	–	
					₱–	₱23,213,240	
Advances from Related Parties:							
Shareholders		Working capital advances	**₱234,630,991**	₱50,000,000	**₱10,114,113,848**	₱9,879,482,857	Unsecured; Noninterest-bearing; Payable in cash with no fixed repayment terms
Parent Company		Working capital advances	**–**	123,200	**1,301,068,193**	1,301,068,193	Unsecured; Noninterest-bearing; Payable in cash with no fixed repayment terms
					₱11,415,182,041	₱11,180,551,050	

The Company rents out portion of its properties to related parties under various operating lease agreements ranging from one to five years (see Note 14).

The Company recognized provision for ECL on accounts receivable from related parties amounting to ₱29.8 million in 2024 (see Note 5). No provision for ECL recognized in 2023.

In 2023, advances to a related party amounting to ₱33,000 were written-off (see Note 5).

Compensation of Key Management Personnel

Compensation of key management personnel, representing salaries, wages and benefits, amounted to ₱6.5 million in 2024 and 2023.

12. **Retirement Benefits Liability**

The Company has an unfunded, non-contributory defined benefit plan covering all of its regular and full-time employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an external actuary. The latest actuarial valuation report obtained by the Company was for the year ended December 31, 2024.

The components of retirement benefit expense recognized under "Cost of services" and "General and administrative expenses" account in the statements of comprehensive income are as follows:

	2024	2023
Current service cost	**₱2,041,061**	₱1,586,243
Interest expense	**412,239**	274,541
Adjustment due to curtailment	**19,579,106**	–
	₱22,032,406	₱1,860,784

As discussed in Note 1 to the financial statements, the Company has retrenched employees effective on November 15, 2024, December 15, 2024, December 31, 2024 and January 31, 2025. Consequently, the Company recognized an adjustment due to curtailment amounting to ₱19.6 million and benefits paid amounting to ₱6.1 million. The remaining portion of the termination benefits amounting to ₱18.2 million is presented as part of "Accounts payable" under "Accounts and other payables" account, which was subsequently paid in January 2025.

Retirement benefit expense charged to operations in 2024 and 2023 are as follows (see Note 15):

	2024	2023
Cost of services	**₱20,711,821**	₱1,451,412
General and administrative expenses	**1,320,585**	409,372
	₱22,032,406	₱1,860,784

The cumulative remeasurement gain recognized in OCI are as follows:

	2024		
	Cumulative Remeasurement Gain	**Deferred Tax** (see Note 17)	**Net**
Balance at beginning of year	**₱2,317,151**	**(₱579,288)**	**₱1,737,863**
Remeasurement loss	**(437,240)**	**109,310**	**(327,930)**
Balance at end of year	**₱1,879,911**	**(₱469,978)**	**₱1,409,933**

	2023		
	Cumulative Remeasurement Gain	Deferred Tax (see Note 17)	Net
Balance at beginning and end of year	₱2,317,151	(₱579,288)	₱1,737,863

Movements in present value of the defined benefit obligation are as follows:

	2024	2023
Balance at beginning of year	**₱5,570,802**	₱3,710,018
Current service cost	**2,041,061**	1,586,243
Interest cost	**412,239**	274,541
Adjustment due to curtailment	**19,579,106**	–
Benefits paid	**(24,227,335)**	–
Remeasurement loss	**437,240**	–
Balance at end of year	**₱3,813,113**	₱5,570,802

The actuarial assumptions used in determining the retirement benefits liability are as follows:

	2024	2023
Discount rate	**6.10%**	7.40%
Salary projection rate	**2.00%**	2.00%

Sensitivity analysis for changes in assumptions are as follows:

		Effect to retirement liability	
	Change in Assumptions	**2024**	2023
Discount rate	+1.0	**(₱410,278)**	(₱37,100)
	-1.0	**500,771**	37,100
Salary increase rate	+1.0	**496,744**	15,551
	-1.0	**(413,046)**	(15,551)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on retirement liability as a result of reasonable changes in key assumptions occurring at the end of the reporting year.

The maturity analysis of the undiscounted future retirement benefit payments are as follows:

	2024	2023
Less than one year	**₱–**	₱–
More than one year to five years	**1,313,723**	2,095,360
More than five years to 10 years	**3,106,322**	3,859,740
More than 10 years to 15 years	**6,382,842**	10,894,061
16 years and up	**59,540,184**	119,270,317
	₱70,343,071	₱136,119,478

13. Retained Earnings

As at December 31, 2024 and 2023, the Company's retained earnings amounting to ₱3,494.3 million and ₱3,966.4 million, respectively, mainly consists of the Company's unrealized cumulative gain in fair value of investment properties amounting to ₱3,163.7 million and ₱4,527.4 million, respectively (see Note 7).

In 2023, the Company is prohibited to declare or pay dividends to its stockholders and make any capital or asset distribution to its stockholders until full payment of the loan, unless with written consent from the bank (see Note 10).

In 2024, the Company fully paid its loan and was released from the prohibition of declaration or payments of dividends to its stockholders. The Company has excess retained earnings amounting to ₱1,524.5 million in 2024.

As stated in Note 1, as at report date, the Company is evaluating business strategies in response to the current industry conditions.

14. Significant Agreements

Lease Agreement

The Company rents out portion of its properties to various entities under various operating lease agreements ranging from one to five years. Some of these lease agreements are made with its related parties (see Note 11).

In 2024, the Company entered into lease agreements with individuals under various operating lease agreements for a period of one year.

Rental income recognized for these agreements amounted to ₱2,096.3 million and ₱2,040.0 million in 2024 and 2023, respectively.

As discussed in Note 1 to the financial statements, as at December 31, 2024, the Company's lease agreements were terminated which resulted to a loss on pre-termination amounting to ₱122.3 million.

Advance rental and refundable deposits amounting to ₱405.2 million and ₱454.6 million, respectively, were applied to the uncollected rental receivable.

As at December 31, 2024 and 2023, unearned income from advance rental payments amounted to ₱10.6 million and ₱461.8 million, respectively (see Note 9). These are to be applied to future rental charges.

Refundable deposits as at December 31, 2024 and 2023 amounted to ₱6.4 million and ₱658.4 million, respectively. These are to be refunded to the lessee at the end of the lease term, net of any unpaid obligations to the Company.

The undiscounted lease payments for the Company's existing lease contracts as at December 31, 2024 are as follows:

Year	Amount
2025	₱14,141,180
2026	2,846,400
2027	2,846,400
2028	2,846,400
	₱22,680,380

Utility Agreement
The Company has an existing utility agreement with an internet, water and electricity provider. As at December 31, 2024 and 2023, the security deposits relating to this agreement amounted to ₱111.7 million and ₱144.0 million, respectively (see Note 8).

In 2024, the Company applied their security deposits to unpaid billings amounting to ₱34.8 million.

As discussed in Note 1 to the financial statements, the Company requested for the removal of majority of the electricity and water meters, and the refund of the related security deposits amounting to ₱95.1 million.

Security deposits are presented as follows (see Note 8):

	2024	2023
Current	**₱95,082,705**	₱–
Noncurrent	**16,604,767**	143,965,902
	₱111,687,472	₱143,965,902

The Company also bills the lessees for utilities based on billings received from the utility provider. Utilities income earned by the Company amounted to ₱687.9 million and ₱568.9 million in 2024 and 2023, respectively.

Service Contracts
The Company has service contracts with third parties for housekeeping construction cleaning in relation to the construction of its properties and security services for the completed properties. Outside services incurred by the Company in relation to this amounted to ₱167.5 million and ₱181.0 million in 2024 and 2023, respectively (see Note 15).

As discussed in Note 1 to the financial statements, the Company terminated its service contracts with third parties for housekeeping, security and agency services until December 31, 2024.

Compromise Agreement with DENR

On September 5, 2019, the Department of Environment and Natural Resources (DENR) and the Company entered into a compromise agreement that granted the Company a lease credit related to parcels of land in Kawit, Cavite (Subject Property). The rights over the Subject Property were assigned to the Company by a third party. Moreover, the DENR and the Company also entered into a 25-year renewable lease agreement over the Subject Property, wherein the credit shall be applied as payment for the lease as stipulated in the compromise agreement.

15. Cost of Services

This account consists of:

	Note	2024	2023
Utilities		**₱623,651,589**	₱552,835,136
Salaries, wages and other benefits		**181,913,533**	130,351,230
Outside services	14	**167,523,030**	180,950,699
Taxes and licenses		**39,032,186**	47,195,266
Repairs and maintenance		**19,370,655**	17,863,353
		₱1,031,490,993	₱929,195,684

Salaries, wages and other benefits are charged to operations as follows:

	Note	2024	2023
Cost of services		**₱181,913,533**	₱130,351,230
General and administrative expenses	16	**51,354,200**	35,890,510
		₱233,267,733	₱166,241,740

Salaries, wages and other benefits consist of:

	Note	2024	2023
Salaries and wages		**₱211,235,327**	₱164,380,956
Retirement benefits expense	12	**22,032,406**	1,860,784
		₱233,267,733	₱166,241,740

16. General and Administrative Expenses

This account consists of:

	Note	2024	2023
Taxes and licenses		**₱277,963,416**	₱45,019,914
Utilities		**237,316,290**	399,639,749
Depreciation	6	**79,992,020**	85,342,936
Repairs and maintenance		**55,596,977**	62,546,364
Provision for ECL	5	**52,709,889**	–
Outside services		**51,432,728**	52,673,116
Salaries, wages and other benefits	15	**51,354,200**	35,890,510
Insurance		**29,779,104**	27,515,369
Professional fees		**6,714,218**	4,504,152
Fuel		**5,347,640**	6,098,396
Office supplies		**5,294,375**	17,257,170
Transportation and travel		**1,499,131**	1,826,498
Others		**36,280,442**	14,990,526
		₱891,280,430	₱753,304,700

Other expenses include representation and various supplies.

17. Income Taxes

The components of provision for (benefit from) income tax are as follows:

	Note	2024	2023
Reported in Profit or Loss			
Current tax - MCIT		**₱5,107,864**	₱13,406,667
Deferred tax		**(155,556,090)**	171,412,855
		(₱150,448,226)	₱184,819,522
Reported in OCI			
Deferred tax	12	**₱109,310**	₱–

The components of the Company's net deferred tax liabilities are as follows:

	2024	2023
NOLCO	**₱243,888,762**	₱98,424,573
Excess MCIT over RCIT	**21,799,990**	21,961,746
Allowance for ECL	**13,177,472**	–
Accrued termination benefits	**4,542,372**	–
Unearned income	**2,644,908**	115,450,155
Retirement benefits liability	**953,278**	1,392,701
Deferred tax assets	**287,006,782**	237,229,175
Change in fair value of investment properties	**1,480,999,253**	1,564,377,100
Accrued rent	**–**	22,509,946
Deferred tax liabilities	**1,480,999,253**	1,586,887,046
Net deferred tax liabilities	**₱1,193,992,471**	₱1,349,657,871

Details of the NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired/Applied	Balance at End of Year	Year of Expiration
2024	₱–	₱581,856,757	₱–	₱581,856,757	2027
2022	201,099,876	–	–	201,099,876	2025
2020	192,598,416	–	–	192,598,416	2025
	₱393,698,292	₱581,856,757	₱–	₱975,555,049	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and implemented under Revenue Regulations No. 25-2021, the net operating loss of a business enterprise incurred for the taxable years 2021 and 2022 can be carried over as a deduction from taxable income for the next five consecutive taxable years following the year of such loss.

Details of the Company's excess MCIT over RCIT are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Year of Expiration
2024	₱–	₱5,107,864	₱–	₱5,107,864	2027
2023	13,406,667	–	–	13,406,667	2026
2022	3,285,459	–	–	3,285,459	2025
2021	5,269,620	–	(5,269,620)	–	2024
	₱21,961,746	₱5,107,864	(₱5,269,620)	₱21,799,990	

The reconciliation between the provision for (benefit from) income tax based on statutory income tax rate and the effective income tax rate is as follows:

	2024	2023
Provision for (benefit from) income tax computed at statutory tax rate	**(₱155,649,747)**	₱181,528,583
Expired excess MCIT over RCIT	**5,269,620**	3,336,850
Less tax effect of interest income already subjected to final tax	**(68,099)**	(45,911)
	(₱150,448,226)	₱184,819,522

Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act)
Under the CREATE Act which took effect on July 1, 2020, the RCIT of domestic corporations is computed at 25% or 20% depending on the amount of total assets and taxable income. MCIT is computed at 1% of gross income for a period three years from July 1, 2020 to June 30, 2023 and reverted to 2% of gross income effective July 1, 2023.

Accordingly, the income tax rates used in preparing the financial statements as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
RCIT	**25%**	25%
MCIT	**2%**	1.5%

18. **Financial Risk Management Objectives and Policies**

The Company's principal financial instruments consist of cash, accounts and other receivables (excluding advances to officers and employees), restricted cash, security deposits (presented as part of "Other assets" account), accounts and other payables (excluding unearned income, statutory payables and deferred output VAT), loans payable, advances from related parties and refundable deposits.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The BOD regularly reviews and approves policies for managing each of these financial risks as summarized below.

Credit risk

Credit risk is a risk due to uncertainty in the counterparty's ability to meet its obligations. With respect to credit risk arising from the financial assets, the Company's exposure to credit risk arises from the default of counterparty with a maximum exposure equal to the carrying amount of these instruments.

The Company trades mainly with recognized and creditworthy third parties. It is the Company's policy that all counterparties who wish to transact with the Company are subject to credit verification procedures. In addition, the Company only deals with financial institutions duly evaluated and approved by the BOD. With respect to credit risk arising from the other financial assets, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the analysis of the Company's financial assets at amortized cost:

	2024				
	Neither Past Due nor Impaired		**Past Due but not Impaired**		
	High Grade	**Standard Grade**		**Impaired**	**Total**
Lifetime ECL -					
Accounts and other receivables*	**₱–**	**₱–**	**₱–**	**₱52,709,889**	**₱52,709,889**
12-month ECL:					
Cash in banks	**196,654,546**	**–**	**–**	**–**	**196,654,546**
Security deposits	**111,687,472**	**–**	**–**	**–**	**111,687,472**
	₱308,342,018	**₱–**	**₱–**	**₱52,709,889**	**₱361,051,907**

Excluding advances to officers and employees

	2023				
	Neither Past Due nor Impaired		Past Due but not Impaired		
	High Grade	Standard Grade		Impaired	Total
Lifetime ECL -					
Accounts and other receivables*	₱–	₱285,710,946	₱–	₱–	₱285,710,946
12-month ECL:					
Cash in banks	144,591,423	–	–	–	144,591,423
Restricted cash	70,000,000	–	–	–	70,000,000
Security deposits	143,965,902	–	–	–	143,965,902
	₱358,557,325	₱285,710,946	₱–	₱–	₱644,268,271

Excluding advances to officers and employees

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

- High grade - applies to customers and counterparties that always pay on time or even before maturity.

- Standard grade - applies to receivable from counterparties that always pay on due date if they are reminded or followed up by the Company.

- Past due but not impaired - items with history of frequent default, nevertheless, the amounts are still collectible.

- Impaired - those that are long outstanding or those that have been provided with an allowance for ECL.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and financial liabilities. 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 in refinancing maturities.

The table below shows the maturity profile of the Company's financial liabilities at amortized cost as at December 31, 2024 and 2023 based on contractual undiscounted payments:

	2024				
	Less than 1 Year	**1 to 2 Years**	**2 to 3 Years**	**More than 3 Years**	**Total**
Accounts and other payables*	**₱483,829,024**	**₱–**	**₱–**	**₱–**	**₱483,829,024**
Advances from related parties	**–**	**–**	**–**	**11,415,182,041**	**11,415,182,041**
Refundable deposits	**6,430,194**	**–**	**–**	**–**	**6,430,194**
	₱490,259,218	**₱–**	**₱–**	**₱11,415,182,041**	**₱11,905,441,259**

**Excluding unearned income, statutory payables and deferred output VAT*

	2023				
	Less than 1 Year	1 to 2 Years	2 to 3 Years	More than 3 Years	Total
Accounts and other payables*	₱249,341,445	₱–	₱–	₱–	₱249,341,445
Loans payable**	448,619,792	–	–	–	448,619,792
Advances from related parties	–	–	–	11,180,551,050	11,180,551,050
Refundable deposits	–	–	–	658,354,569	658,354,569
	₱697,961,237	₱–	₱–	₱11,838,905,619	₱12,536,866,856

**Excluding unearned income, statutory payables and deferred output VAT*
***Including future interests*

19. Fair Value Measurement

The following table provides the fair value hierarchy of financial assets and liabilities measured at fair value:

	2024		2023	
	Carrying Amount	**Fair value**	Carrying Amount	Fair value
Financial Assets at Amortized Cost:				
Cash	**₱197,654,546**	**₱197,654,546**	₱145,591,423	₱145,591,423
Accounts and other receivables*	**–**	**–**	285,710,946	285,710,946
Security deposits	**111,687,472**	**111,687,472**	143,965,902	143,965,902
Restricted cash	**–**	**–**	70,000,000	70,000,000
	₱309,342,018	**₱309,342,018**	₱645,268,271	₱645,268,271
Financial Liabilities at Amortized Cost:				
Accounts and other payables**	**₱483,829,024**	**₱483,829,024**	₱249,341,445	₱249,341,445
Loans payable	**–**	**–**	436,766,743	442,085,418
Advances from related parties	**11,415,182,041**	**11,415,182,041**	11,180,551,050	11,180,551,050
Refundable deposits	**6,430,194**	**6,430,194**	658,354,569	658,354,569
	₱11,905,441,259	**₱11,905,441,259**	₱12,525,013,807	₱12,530,332,482

**Excluding advances to officers and employees*
***Excluding unearned income, statutory payables and deferred output VAT*

Cash, Accounts Receivable, Security Deposits (presented under "Other current assets" account), Restricted Cash and Accounts and Other Payables (excluding Unearned Income, Statutory Payables and Deferred Output VAT). The carrying amounts of these financial assets and liability approximate their fair values primarily due to the relatively short-term nature of these.

Security Deposits (presented under "Other noncurrent assets" account) and Refundable Deposits. The carrying amounts of these financial instruments approximate their fair value. The effect of not discounting the cash flow from this instrument was determined by management to be insignificant.

Advances from Related Parties. The carrying amounts of these financial instruments approximate their fair value. The effects of not discounting the cash flows from these instruments were determined by management to be insignificant due to the uncertainties in the period of repayment available on the terms of the financial instruments at the option of the related parties.

Loans Payable. The fair value of loans payable is estimated using the discounted cash flow technique with effective interest rate ranging from 5.1% to 5.6% in 2023. The fair valuation has been categorized as Level 2 in the fair value hierarchy.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2024 and 2023.

20. **Capital Risk Management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the previous year.

The Company considers its capital stock and advances from related parties aggregating ₱11,462.0 million and ₱11,227.4 million as at December 31, 2024 and 2023, respectively, as capital employed.

As at December 31, 2024, the Company is not subject to externally-imposed capital requirements.

21. Supplementary Information Required by the Bureau of Internal Revenue (BIR)

Revenue Regulations No. 15-2010

The information for 2024 required by the above regulation is presented below:

Output VAT

Output VAT declared for the year ended December 31, 2024 and the receipts upon which the same was based consist of:

	Gross Amount of Revenue/Receipts	Output VAT
VATable sales/receipts	₱1,455,236,283	₱174,628,354
Zero rated sales/receipts	1,055,113,154	–
	2,510,349,437	174,628,354
Less input VAT claimed against output VAT		174,628,354
		₱–

Zero-rated revenues pertain to services rendered to Philippine Amusement and Gaming Corporation which is subject to zero percent VAT under Section 108 (B) of the National Internal Revenue Code, as amended.

The revenue shown in the statement of comprehensive income is based on PFRS Accounting Standards while the Company declares revenue/receipts for VAT purposes based on taxation rules.

Input VAT

The movements in input VAT claimed by the Company for the year ended December 31, 2024 are shown below:

Balance at beginning of year	₱1,039,137,302
Add:	
Current year's domestic purchases/payments for:	
Services	103,415,833
Goods other than capital goods	11,371,380
Capital goods not exceeding ₱1.0 million	383,915
Capital goods exceeding ₱1.0 million	272,764
Deferred input VAT on capital goods	3,612,457
Total	1,158,193,651
Less:	
Output VAT applied against input VAT	174,628,354
Input tax on purchases of capital goods exceeding ₱1.0 million deferred for the succeeding period	1,611,369
Balance at end of year	₱981,953,928

Input VAT is reported under "Other assets" account in the statement of financial position.

Documentary Stamp Tax (DST)

The Company paid DST on advances from related parties and lease agreements amounting to ₱5,363,030 in 2024.

All Other National and Local Taxes
All other national and local taxes paid by the Company for the year ended December 31, 2024 consist of:

Business and other permits	₱234,699,717
Real property taxes	71,919,756
Gross receipts tax from loan interest	5,013,099
	₱311,632,572

The above DST and all other national and local taxes are recorded as "Taxes and licenses" under "Cost of Services" account and "General and administrative expenses" account in the statement of comprehensive income.

Withholding Taxes
Withholding taxes paid and accrued by the Company consist of:

	Paid	Accrued
Expanded withholding tax	₱21,398,197	₱836,642
Withholding tax on compensation	2,720,688	272,169
	₱24,118,885	₱1,108,811

Withholding taxes payable is included as part of "Statutory payables" under "Accounts and other payables" account in the statement of financial position.

Tax Assessments and Cases
The Company has an ongoing deficiency tax assessment from the BIR pertaining to all national taxes for the taxable year 2021. The management assessed that the ongoing assessment will not materially affect the financial statements as at December 31, 2024.

FIRST ORIENT INTERNATIONAL VENTURES INC.

Covelandia Road Pulvorista Binakayan Kawit Cavite 4104

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The Management of **First Orient International Ventures Corporation** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2024. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2024 and the accompanying Annual Income Tax Return are in accordance with the books and records of, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Caesar D. Wongchuking
Chairman

Kevin Kristopher K. Wong
President

Mario R. Evasco
Treasurer