



Republic of the Philippines
COMMISSION ON AUDIT
Commonwealth Avenue, Quezon City, Philippines
Corporate Government Audit Sector
Cluster 1 – Banking and Credit

INDEPENDENT AUDITOR'S REPORT

The Board of Directors

LBP Resources and Development Corporation
898 M. H. Del Pilar corner Quintos St.
Malate, Manila

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **LBP Resources and Development Corporation (LBRDC)**, a wholly owned subsidiary of Land Bank of the Philippines, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the LBRDC as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the LBRDC in accordance with the Revised Code of Conduct and Ethical Standards for Commission on Audit Officials and Employees (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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In preparing the financial statements, management is responsible for assessing the LBRDC'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 LBRDC or to cease operations, or has no realistic alternative but to do so.

Those charges with governance are responsible for overseeing the LBRDC's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, we exercise professional judgement 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 LBRDC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LBRDC 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 accordance with PFRSs.

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

Report on Other Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under the Revenue Regulations 15-2010 in Note 36 and Revised Securities Regulation Code Rule 68 in Note 37 to the 2022 financial statements is presented for purposes of filing with the Bureau of Internal Revenue, and the Securities and Exchange Commission, respectively, and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

COMMISSION ON AUDIT


MARIE FRANCES HAZEL S. ACEBEDO
Supervising Auditor

April 19, 2023



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STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

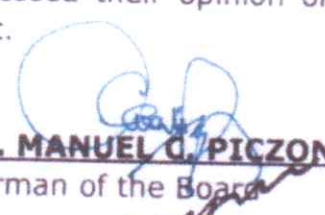
The Management of LBP (Land Bank of the Phil.) Resources and Development Corporation is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022 and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the LBP (Land Bank of the Phil.) Resources and Development Corporation'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 LBP (Land Bank of the Phil.) Resources and Development Corporation or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the LBP (Land Bank of the Phil.) Resources and Development Corporation's financial reporting process.

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

Commission on Audit has audited the financial statements of the LBP (Land Bank of the Phil.) Resources and Development Corporation in accordance with International Standards of Supreme Audit Institutions, and in their report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.


Atty. MANUEL C. PICZON
Chairman of the Board


Mr. RICARDO C. JULIANO, CPA, MNSA
President and CEO


Ms. OLIVE PRINCESS S. RAMAL
Acting Corporate Treasurer

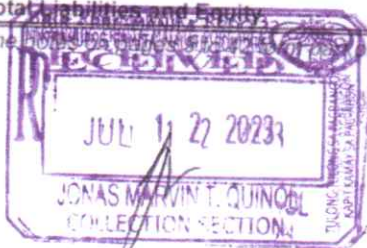


Signed this 18th day of April, 2023.

LBP RESOURCES AND DEVELOPMENT CORPORATION
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 and 2021
(in Philippine Peso)

	NOTE	2022	2021 (As restated)	January 1 2021 (As restated)
ASSETS				
Current Assets				
Cash and Cash Equivalents	4	97,574,064	130,236,375	187,050,293
Receivables, net	5	558,520,418	426,739,684	313,944,427
Inventories	6	17,527,047	11,497,949	11,819,436
Other Current Assets	11	42,008,993	32,625,616	42,978,043
Total Current Assets		715,630,522	601,099,624	555,792,199
Non-Current Assets				
Financial Assets	7	119,086,884	92,423,580	22,487,428
Receivables, net	5	11,489,576	12,660,270	60,296,449
Investment Property, net	8	286,074,099	97,171,475	98,291,459
Property, Plant and Equipment, net	9	647,701,214	10,808,597	12,786,528
Intangible Assets, net	10	3,248,064	3,379,188	2,872,963
Other Non-Current Assets	11	4,997,604	2,831,415	2,029,341
Total Non-Current Assets		1,072,597,441	219,274,525	198,764,168
Total Assets		1,788,227,963	820,374,149	754,556,367
LIABILITIES				
Current Liabilities				
Financial Liabilities	12	27,643,427	8,281,587	11,978,572
Inter-Agency Payables	13	55,817,683	29,524,922	31,483,430
Trust Liabilities	14	9,121,771	9,365,097	8,248,919
Deferred Credits/Unearned Income	15	75,178,759	50,047,202	36,821,305
Provisions	16	20,268,468	12,870,650	8,414,501
Other Payables	17	67,064,229	56,431,651	31,986,781
Total Current Liabilities		255,094,337	166,521,109	128,933,508
Non-Current Liabilities				
Financial Liabilities	12	842,137,195	3,768,402	2,565,892
Total Non-Current Liabilities		842,137,195	3,768,402	2,565,892
Total Liabilities		1,097,231,532	170,289,511	131,499,400
EQUITY				
Share Capital	18	133,212,000	133,212,000	133,212,000
Share Premium	19	5,162,840	5,162,840	5,162,840
Revaluation Surplus	20	61,200,000	61,200,000	61,200,000
Retained Earnings	21	491,421,591	450,509,798	423,482,127
Total Equity		690,996,431	650,084,638	623,056,967
Total Liabilities and Equity		1,788,227,963	820,374,149	754,556,367

The Board of Directors has approved these statements



LBP RESOURCES AND DEVELOPMENT CORPORATION
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in Philippine Peso)

	NOTE	2022	2021 (as restated)
Income			
Service and Business Income	22	956,903,952	808,566,008
Other Non-Operating Income	28	1,052,792	2,958,285
Total Income		957,956,744	811,524,293
Expenses			
Personnel Services	24	(60,614,748)	(43,701,874)
Maintenance and Other Operating	25	(36,662,536)	(20,445,726)
Direct Cost	23	(766,794,562)	(675,660,831)
Financial Expenses	26	(187,482)	(344,387)
Non-Cash Expenses	27	(4,647,939)	(4,489,184)
Total Expenses		(868,907,267)	(744,642,002)
Net Income Before Tax		89,049,477	66,882,291
Income Tax Expense/(Benefit)	29	(22,367,984)	(16,482,484)
Net Income		66,681,493	50,399,807
Total Comprehensive Income		66,681,493	50,399,807

The notes on pages 9 to 42 form part of these statements.



LBP RESOURCES AND DEVELOPMENT CORPORATION
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in Philippine Peso)

	Share Capital (Note 18)	Share Premium (Note 19)	Revaluation Surplus (Note 20)	Retained Earnings (Note 21)		Total
				Appropriated	Unappropriated	
BALANCE AT JANUARY 1, 2021	133,212,000	5,162,840	61,200,000	348,772,607	76,185,374	624,532,821
Prior Years Adjustment					(1,475,854)	(1,475,854)
BALANCE AT JANUARY 1, 2021, AS RESTATED	133,212,000	5,162,840	61,200,000	348,772,607	74,709,520	623,056,967
CHANGES IN EQUITY FOR 2021						
Add/(Deduct):						
Net Income for the year, as restated						
Declarations of Cash Dividend						
BALANCE AT DECEMBER 31, 2021, AS RESTATED	133,212,000	5,162,840	61,200,000	348,772,607	101,737,191	650,084,638
CHANGES IN EQUITY FOR 2022						
Add/(Deduct):						
Net Income for the year						
Declarations of Cash Dividend						
BALANCE AT DECEMBER 31, 2022	133,212,000	5,162,840	61,200,000	348,772,607	142,648,984	690,996,431

LBP RESOURCES AND DEVELOPMENT CORPORATION
(A wholly-owned subsidiary of Land Bank of the Philippines)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(in Philippine Peso)

	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Collection of Income/Revenue		816,992,628	743,071,233
Collection of Receivables		59,564,104	23,798,446
Trust Receipts		42,220,230	1,545,787
Other Receipts		1,412,858	1,264,396
Total Cash Inflows		920,189,820	769,679,862
Payment of Expenses		(586,005,321)	(554,129,362)
Purchase of Inventories		(24,868,444)	(13,926,173)
Grant of Cash Advances		(7,327,579)	(6,176,273)
Prepayments		(7,994,714)	(10,857,874)
Refund of Deposits		(4,111,305)	(2,510,921)
Payments of Accounts Payable		(14,939,083)	(23,361,929)
Remittance of Personnel Benefit Contributions and Mandatory Deductions		(148,737,499)	(144,692,483)
Other Disbursements		(114,045,062)	(56,827,455)
Total Cash Outflows		(908,029,007)	(812,482,470)
Net Cash Provided by/(Used in) Operating Activities		12,160,813	(42,802,608)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt of Interest Earned		3,050,044	1,036,137
Proceeds from Matured Investments/Redemption of Long-term Investments/Return on Investments		314,047,454	143,318,631
Total Cash Inflows		317,097,498	144,354,768
Purchase/Construction of Property, Plant and Equipment		(3,519,387)	(1,003,192)
Purchase of Investments		(339,603,515)	(133,422,671)
Purchase of Intangible Assets		0	(568,079)
Total Cash Outflows		(343,122,902)	(134,993,942)
Net Cash Provided by/(Used in) Investing Activities		(26,025,404)	9,360,826
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Domestic Loans		6,971,980	0
Total Cash Inflows		6,971,980	0
Payment of Cash Dividends	21	(25,769,700)	(23,372,136)
Total Cash Outflows		(25,769,700)	(23,372,136)
Net Cash Used in Financing Activities		(18,797,720)	(23,372,136)
DECREASE IN CASH AND CASH EQUIVALENTS		(32,662,311)	(56,813,918)
CASH AND CASH EQUIVALENTS, JANUARY 1		130,236,375	187,050,293
CASH AND CASH EQUIVALENTS, DECEMBER 31	4	97,574,064	130,236,375

The notes on pages 9 to 42 form part of these statements.

LBP RESOURCES AND DEVELOPMENT CORPORATION
(A wholly-owned subsidiary of Land Bank of the Philippines)
NOTES TO FINANCIAL STATEMENTS
As of December 31, 2022, and 2021
(All amounts in Philippine Peso, unless otherwise stated)

1. GENERAL INFORMATION

1.1 Corporate Information

The LBP Resources and Development Corporation (LBRDC or the Corporation), formerly LB (Land Bank) Realty Development Corporation, a wholly-owned subsidiary of the Land Bank of the Philippines (LBP) was created under Securities and Exchange Commission Registration No. 61385 dated May 8, 1975.

The mandates/functions of LBRDC are to build, reconstruct, repair, remodel and renovate, enlarge, alter and improve private houses and dwellings, commercial buildings and government owned and controlled corporations and establishments (particularly the facilities of LBP, its subsidiaries and affiliates, branches, training centers, field offices, other auxiliary infrastructures, etc.) in support of its role under the Comprehensive Agrarian Reform Program. Also, to engage in, operate and carry on, the business of providing and rendering general manpower services, such as but not limited to management and technical services, janitorial services, maintenance services, clerical messengerial, security services and other allied services.

The LBRDC's registered address is at the 24th Floor LBP Plaza, 1598 M.H. Del Pilar cor. Dr. J. Quintos Sts., Malate, Manila.

1.2 Authorization to issue the 2022 Financial Statements

The financial statements of LBRDC, for the years ended December 31, 2022 and 2021 were approved and authorized for issue by the Board of Directors through its Resolution No. 23-03-14 dated March 29, 2023.

2. STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

2.1 Statement of Compliance

The financial statements of the Corporation have been prepared in compliance with Philippines Financial Reporting Standards (PFRSs) and Interpretations issued by the Philippines Interpretations Committee.

2.2 Basis for Preparations of Financial Statements

The financial statements have been prepared on the historical cost unless otherwise stated. These financial statements are presented in Philippine Peso, the LBRDC's functional currency and all values are rounded to the nearest peso, unless otherwise stated.

The financial statements are prepared on accruals basis in accordance with PFRSs.

The financial statements provide comparative information in respect of the previous period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the comparative financial statements are consistent with those of the previous financial year.

3.1 Adopted Amended PFRS effective from January 1, 2022

(a) References to Conceptual Framework (Amendments to PFRS 3)

The amendments update an outdated reference to the Conceptual Framework in PFRS 3 without significantly changing the requirements in the standard.

(b) Onerous Contracts – Cost of Fulfilling a Contract (Amendments to PAS 37)

The amendments specify that the “cost of fulfilling” a contract comprises the “costs that relate directly to the contract”. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item or property, plant and equipment used in fulfilling the contract). The amendments will not have an impact on the disclosures and amounts recognized on the Corporation's financial statements.

(c) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to PAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by managements. Instead, the company recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Management is currently, assessing the impact of these amendments in its financial statements.

(d) Annual Improvements to PFRSs 2018-2020 Cycle

• PFRS 1, First-time Adoption of International Financial Reporting Standards

The amendment simplifies the application of PFRS 1 of a subsidiary as a first-time adopter. It permits a subsidiary that applies to measure

cumulative translation difference using the amounts reported by its parent, based on the parent's date of transition to PRFSs. The application of these improvements had no significant impact on the LBRDC's financial statements.

- PFRS 9, Financial Instruments

The amendment clarifies which fees an entity includes when it applies the "10 per cent" test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The application of these improvements had no significant impact on the LBRDC's financial statements.

- PFRS 16, Leases

The amendment accompanying PFRS 16 removes from the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise. The application of these improvements had no significant impact on the LBRDC's financial statements.

3.2 New and Amended PFRS issued but not Yet Effective for the year ended December 31, 2022:

- (a) PAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current – The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due an or potentially due to be settled within one year) or non-current, effective for annual periods beginning on or after January 1, 2022 deferred to January 1, 2023.
- (b) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to PAS 12) – The amendments clarify that the initial recognition exemption does not apply to transaction which equal amounts of deductible and taxable temporary differences arise on initial recognition effective for annual period beginning after January 1, 2023.
- (c) Disclosure of Accounting Policies (Amendments to PAS 1 and PFRS Practice Statement 2) – The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies, effective for annual periods beginning on or after January 1, 2023.
- (d) Definition of Accounting Estimates (Amendments to PAS 8) – The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in the financial statements

that are subject to measurement uncertainty, effective for annual periods beginning on or after January 1, 2023.

3.3 New and amended standards which are effective in future periods.

- (a) Amendments to PAS 1, Presentation of Financial Statements, Non-Current Liabilities with Covenants (effective January 1, 2024) – To clarify how conditions with which entity must comply within the twelve months after the reporting period affect the classification of a liability.
- (b) Amendments to PFRS 16 Leases, Lease Liability in a Sale and Leaseback (Effective January 1, 2024) - The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.
- (c) PFRS 17 Insurance Contracts – Deferral of the date of initial application of PFRS 17 by two years to annual periods beginning on or after January 1, 2025.
- (d) Initial Application of PFRS 17 and PFRS 9 – Comparative Information (Amendments to PFRS 17) – The amendments permit entities that first apply PFRS 17 and PFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to the financial asset before. Effective January 1, 2025.

LBRDC is currently assessing the impact of these new accounting standards and amendments.

3.4 Financial Instruments

a. Financial assets

Classification and Measurement

At initial recognition, financial assets are classified and measured at amortized cost, Fair Value through Other Comprehensive Income (FVOCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the LBRDC's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the LBRDC has applied the practical expedient, the LBRDC initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The LBRDC's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model

determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to LBRDC. LBRDC measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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.

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

The LBRDC's financial assets at amortized cost includes cash and cash equivalents, trade and other receivables, short-term investments, debt securities at amortized cost, advances to an associate and advance payments to a supplier.

Financial assets at FVOCI (debt instruments)

LBRDC measures debt instruments at FVOCI if both of the following conditions are met:

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

For debt instruments at FVOCI, interest income and impairment losses or reversals are recognized in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortized

cost. The remaining fair value changes are recognized in Other Comprehensive Income (OCI). Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, LBRDC can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of comprehensive income when the right of payment has been established, except when LBRDC benefits from such proceeds as a partial recovery of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Derecognition of financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of financial assets) is derecognized when:

- i. the right to receive cash flows from the asset expires;
- ii. the right to receive cash flows from the asset is retained, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement or
- iii. the right to receive cash flows from the asset is transferred and either:
 - transferred substantially all the risks and rewards of the asset or
 - has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Impairment of financial assets

LBRDC shall recognise a loss allowance for expected credit losses on a financial asset that is measured in fair value through profit or loss. Also apply the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. However, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset.

At each reporting date, LBRDC shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. LBRDC shall use the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. By this it shall compare 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.



LBRDC's Financial Instrument has a low credit risk and no significant effect on the Financial Statement, LBRDC will continuously assess any material evidence that may lead to impairment of financial asset.

b. Financial liabilities

Initial recognition and Classification

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

Subsequently, financial liabilities are measured at amortised cost except

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, shall be measured at fair value.
- Financial liabilities that arise when a transfer of financial asset does not qualify for recognition.

At initial recognition, financial liability at fair value through profit or loss may irrevocably designated as measured at fair value through profit or loss that may result in a more relevant information.

Derecognition

A financial liability is derecognized when the obligation under the liability expires or is discharged or cancelled.

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 profit or loss.

3.5 Cash and Cash Equivalents

Cash includes cash on hand and in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3.6 Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory are received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Inventories, except construction materials, are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of LBRDC.

Construction Materials shall be recognized as asset upon purchase. Actual usages or issuance to construction units through Withdrawal Slip shall be charged to cost to be booked as Contract in Progress but the specific project should be identified in each entry.

3.7 Investment Property

Under PAS 40, Investment Property shall be recognized as an asset when it is probable that future economic benefits associated with the property will flow to the entity and its cost can be measured reliably.

Initial measurement

Investment property is initially measured at cost, including transaction costs. Such cost should not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

Measurement subsequent to initial recognition

After recognition, investment property is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Expenditures incurred after the fixed investment properties have been put into operation, such as repairs and maintenance costs, are normally charged to expense in the period in which the costs are incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the asset. The estimated useful life of investment property for building is 30 years.

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

3.8 Property, Plant and Equipment

An item is recognized as property and equipment if it meets the characteristics and recognition criteria as Property, Plant and Equipment (PPE).

These are carried at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment has been put into operation, such as repairs and maintenance are normally charged to operations in the period in which the cost are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits from its originally assessed standard of performance, the cost of replacement are capitalized.

Depreciation of an asset begins when it is available for use when it is in location and condition necessary for it to be capable of operating in the manner intended by the

management. Depreciation expense is for one month if the PPE is available for use on or before the 15th of the month. However, if the PPE is available for use after the 15th of the month, depreciation is for the succeeding month. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets as follows: construction, transportation and other equipment i.e. Furniture & Fixtures – five years, Right of Use asset useful life is 25 years based on lease term with Privatization Management Office.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset was derecognized.

The asset's residual values, useful lives and methods are reviewed periodically to ensure that the period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

3.9 Intangible Assets

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortized over the useful economic lives of five to 10 years using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date.

Changes in the expected useful life or the expected consumption pattern of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as change in accounting estimates. The amortization expense of intangible assets with finite lives is recognized in the statement of comprehensive income.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually either individually or at the cash-generating unit level. The assessment of intangible assets with indefinite useful life is done annually at every reporting date to determine whether such indefinite useful life continues to exist. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the statement of comprehensive income.



3.10 Provisions, Contingent Liabilities and Contingent Assets

a. Provisions

Provisions are recognized when (1) an entity has a present obligation (legal or constructive) as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation.

b. Contingent Liabilities and Assets

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.

Contingent assets are not recognized unless the realization of the assets is virtually certain. These are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

3.11 Changes in Accounting Policies and Estimates

LBRDC recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

LBRDC recognizes the effects of changes in accounting estimates prospectively through profit or loss.

LBRDC corrects material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by:

- i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

3.12 Revenue Recognition

PFRS 15 - Revenue from construction contracts is recognized using percentage of completion method or overtime on the time measured principally on the basis of the estimated physical completion of the contract work, in accordance with the Construction Contracts.

Revenue from construction contracts is recognized over time if one of the following criteria are met:

- a. The customer simultaneously receives and consumes the benefit provided by the entity as the entity performs;
- b. The entity performance creates and enhances an asset that the customer controls as the asset is created or enhanced; or

- c. The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for the performance completed to date.

For a performance obligation satisfied over time, LBRDC selects an appropriate measure of progress to determine how much revenue to recognize as the performance obligation is satisfied, which are embodied in Construction Contracts.

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

Income from sales of substantially completed projects where collection of sales price is reasonably assured is accounted using the accrual method while sales from projects where collection of sales price is not reasonably assured is recognized using the installment method. Realized income on installment sales is computed based on collections multiplied by the gross profit rates of individual sales contract.

Income from investment property is recognized in the statement of comprehensive income on straight-line basis over the lease term.

Revenue such as commission income from brokering services and management fees from administrative, property management, manpower services and other fees are recognized at a point in time. Revenue therefrom are recognized when control is passed at a certain time.

The circumstances/ events that may indicate the point in time in which control passes include but are not limited to:

- the entity has a present right to payment for the asset;
- the customer has legal title to the asset;
- the entity has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Interest income is recognized as it accrues.

3.13 Leases

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees – leases of "low-value" assets (e.g. personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). The Corporation applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term

leases and leases of low-value assets wherein associated lease payments are recognized as an expense on a straight-line basis over the lease term.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

LBRDC Board of Directors approved the adaption of PFRS 16 on July 16, 2019 as per Board Resolution No.19-07-08.

Contract of Lease for 25-year term made and entered into between Privatization Management Office (PMO-lessor) and LBP Resources and Development Corporation (lessee) on effective June 01, 2022.

The lessee shall pay P1,600,000.00 monthly VAT-exempt. The said monthly rental shall be subject to four per cent or 10 per cent of Gross Revenue yearly escalations clause. The incremental used to compute for the present value of lease liability and Right of Use Assets is 0.135 per cent derived from treasury bill rates for June, 2022. The Right of Use Asset is depreciated through straight-line basis over the lease term.

The carrying amount of the Right of Use Asset as presented in Note 9 amounts to P634,105,220.13 and the outstanding balance of Lease Liability under Note 12 amounts P643,295,492.19.

4. CASH AND CASH EQUIVALENTS

	2022	2021
Cash on Hand	1,000,000	1,000,000
Cash in Bank – Local Currency	66,416,380	32,694,785
Time Deposits – Local Currency	30,157,684	96,541,590
Total	97,574,064	130,236,375

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements and earn interest at the respective short-term rates.

The annual interest rates of the cash equivalents are as follows:

	2022	2021
Philippine Peso (Current and Savings Deposit)	0.	0.5 %
Interest of short-term investments	4% to 4.85%	1.13% to 1.57%

Investment in special depository accounts is with maturity periods of 70 to 174 days and rolled over depending on the cash requirements of LBRDC.

The Time Deposits - Local Currency pertains to Investment Management Agreement entered into by LBRDC with Land Bank of the Philippines through its Trust Banking Group as the Investment Manager. The LBRDC avails the services of the latter relative to the management and investment of its investible funds/assets. The funds are invested in High Yield Saving Account

5. RECEIVABLES

This account consists of:

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Receivables	529,873,646	0	529,873,646	410,258,978	0	410,258,978
Sales Contract Receivable	1,670,112	11,489,576	13,159,688	1,235,622	12,660,270	13,895,892
Operating Lease Receivables	10,486,332		10,486,332	0	0	0
Other Receivables	16,490,328	0	16,490,328	15,245,084	0	15,245,084
Total	558,520,418	11,489,576	570,009,994	426,739,684	12,660,270	439,399,954

5.1 Receivables

	2022			2021		
	Current	Non-current	Total	Current	Non-current	Total
Receivables	532,930,832	0	532,930,832	411,355,647	0	411,355,647
Allowance for impairment- Accounts Receivable	(3,057,186)	0	(3,057,186)	(1,096,669)	0	(1,096,669)
Net Value- Accounts Receivable	529,873,646	0	529,873,646	410,258,978	0	410,258,978

Receivable consists of the following:

- Contract Receivable are amounts billed/unbilled to LBP and other clients for construction/renovation contracts but not paid as of reporting date amounting to P118,048,663
- Accounts Receivable – Trade arises from contract entered into by LBRDC with LBP and other clients on deployment of service contract workers,

janitors/messengers and other services with billed/unbilled amounting to P414,778,820.

- Interest Receivable amounting to P103,349

5.2 Sales Contract Receivable represents the outstanding balance of receivable from sale of 12 housing units at Grand Garden Villas, Dasmariñas, Cavite, with the following terms and conditions:

Contract Price:	Three-bedroom units – P1,700,000, P1,800,000 and P1,900,000
Payment Options:	Cash, thru Pag-ibig Loan or thru In-house Financing
Terms and Conditions:	
Period	Retirement age minus current age of the employees but not more than 30 years
Payment	Deduction from salaries and other benefits
Interest	Four per cent per annum

The total principal amount of the sold units amounted to P21,000,000 and the total interests to be collected from the buyers for the duration of the payment period amounted to P12,152,585.

As at December 31, 2022, the balance of sales contract receivable amounted to P13,159,688.

5.3 Operating Lease Receivables

	2022	2021
Operating Lease Receivable	10,486,332	0
Allowance for Impairment-Operating Lease Receivable	0	0
Net Value - Operating Lease Receivable	10,486,332	0

5.4 Other Receivables includes Retention Receivables and all non-trade receivables (e.g. SSS, maternity/sickness benefits).

	Current	2022 Non- current	Total	Current	2021 Non- current	Total
Other Receivables	18,548,711	0	18,548,711	16,487,333	0	16,487,333
Allowance for Impairment-Other Receivables	(2,058,383)	0	(2,058,383)	(1,242,249)	0	(1,242,249)
Net Value-Other Receivables	16,490,328	0	16,490,328	15,245,084	0	15,245,084

The following is the Aging/Analysis of Receivables:

	Total	Not past due	Past Due > 60 days
Accounts Receivable	532,930,832	515,587,638	17,343,194
Sales Contract Receivable	13,159,688		13,159,688
Other Receivables	20,864,949	18,706,826	2,158,123
Total	566,955,469	534,294,464	32,661,005

6. INVENTORIES

This account consists of inventories held for consumption:

	2022	2021
Construction Materials	14,550,312	9,191,102
Janitorial Supplies	2,034,645	1,788,535
Stationery and Supplies	342,033	518,312
Fuel, Oil and Lubricants	600,057	0
	17,527,047	11,497,949

Reconciliation of the carrying amount follows:

	2022	2021
Carrying Amount, January 1	11,497,949	11,819,436
Additions/Acquisitions during the year	34,299,478	15,261,238
Expensed during the year except write-down	(28,270,380)	(15,582,725)
Carrying Amount, December 31	17,527,047	11,497,949

LBRDC measures its inventories at purchase cost and applies a first-in, first-out method. Inventories consist of office supplies, both accountable and non-accountable forms, janitorial supplies used in LBRDC's janitorial services to LBP, and construction materials used in LBRDC's construction and renovation services to LBP.

7. FINANCIAL ASSETS AT AMORTISED COST

This account consists of investment in bonds, which are held to maturity.

	2022	2021
Retail Treasury Bonds	98,836,698	72,173,394
Petron Corporation Fixed Rate Bond	20,250,186	20,250,186
Total	119,086,884	92,423,580

Reconciliation of the balance of financial assets follows:

As at December 31, 2022

	Held to Maturity
Balance as at January 1, 2021	92,423,580
Additional Investments	25,917,277
Interest Receivable	746,027
Balance as at December 31, 2022	119,086,884

As at December 31, 2021

	Held to Maturity
Balance as at January 1, 2021	60,296,449
Additional Investment	46,674,408
Matured/Withdrawal of Investments	(15,000,000)
Interest Receivable	452,723
Balance as at December 31, 2021	92,423,580

8. INVESTMENT PROPERTY

This account consists of:

Accounts	Investment Property – Land	2022 Investment Property – Buildings	Total	Investment Property – Land	2021 Investment Property – Buildings	Total
Carrying Amount, January 1	66,000,000	31,171,475	97,171,475	66,000,000	32,291,459	98,291,459
Additions		195,463,340	195,463,340	0	0	0
Total	66,000,000	226,634,815	292,634,815	66,000,000	32,291,459	98,291,459
Depreciation		(6,560,716)	(6,560,716)	0	(1,119,984)	(1,119,984)
Carrying Amount, December 31	66,000,000	220,074,099	286,074,099	66,000,000	31,171,475	97,171,475
Gross Cost	66,000,000	276,646,648	342,646,648	66,000,000	81,183,308	147,183,308
Accumulated Depreciation	0	(56,572,549)	(56,572,549)	0	(50,011,833)	(50,011,833)
Carrying Amount, December 31	66,000,000	220,074,099	286,074,099	66,000,000	31,171,475	97,171,475

LBRDC uses the following criteria to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations (inventory):

- If the property is not used in the normal operations of the company; and
- If the property is held for capital appreciation or to earn rentals or both.

The Land and Building at General Luna Street and J. Hernandez Avenue, Barangay Abella, Naga City, Province of Camarines Sur was appraised on December 19, 2019 (date of report) with an appraised value of P152,000,000.00 and P37,262,000.00 respectively. The condominium unit at World Centre, No. 330 Sen. Gil Puyat Avenue cor. H.V. dela Costa Street, Salcedo Village, Barangay Bel-air, Makati City have an appraised value of P124, 401,000.00 dated December 19, 2019.

The Building/Improvements at Special Economic Zone, Barangay 186, Tala, North Caloocan City was purchased in the amount of P195,463,340 with a 25-year lease contract over the land owned by Privatization Management Office (PMO) effective June, 2022.

The lease income amounted to P76,507,642 and P25,056,709 in 2022 and 2021 respectively.

9. PROPERTY, PLANT AND EQUIPMENT

This account is composed of the following:

As at December 31, 2022

	Building and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Right of Use	TOTAL
Carrying Amount January 1						
Additions	6,311,047	2,790,819	1,392,354	314,377	0	10,808,597
Deductions	0	8,731,490	0	730,696	649,254,492	658,716,678
	0	(5,192,546)	0	(742,488)	0	(5,935,034)
Total	6,311,047	6,329,763	1,392,354	302,585	649,254,492	663,590,241
Depreciation	(328,488)	0	(411,267)	0	(15,149,272)	(15,889,027)
Carrying Amount December 31	5,982,559	6,329,763	981,087	302,585	634,105,220	647,701,214
Gross Cost	9,124,612	21,509,090	7,263,451	844,409	649,254,492	687,996,054
Accumulated Depreciation	(3,142,053)	(15,179,327)	(6,282,364)	(541,824)	(15,149,272)	(40,294,840)
Carrying Amount December 31	5,982,559	6,329,763	981,087	302,585	634,105,220	647,701,214

As at December 31, 2021 (As restated)

	Building and Other Structures	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Books	Leased Assets Improvements	Right of Use	TOTAL
Carrying Amount January 1	6,639,535	3,014,804	1,803,622	431,178	99,721	797,668	12,786,528
Additions	0	1,231,960	0	33,468	0	962,616	2,228,044
Deductions	0	(667,449)	0	(27,943)	(99,721)	0	(795,113)
Total	6,639,535	3,579,315	1,803,622	436,703	0	1,760,284	14,219,459
Depreciation	(328,488)	(788,495)	(411,268)	(122,327)	0	(1,760,284)	(3,410,862)
Carrying Amount December 31	6,311,047	2,790,820	1,392,354	314,376	0	0	10,808,597
Gross Cost	9,124,612	16,767,541	7,263,451	770,639	1,155,130	4,888,102	39,969,475
Accumulated Depreciation	(2,813,565)	(13,976,722)	(5,871,097)	(456,262)	(1,155,130)	(4,888,102)	(29,160,878)
Carrying Amount December 31	6,311,047	2,790,819	1,392,354	314,377	0	0	10,808,597

10. INTANGIBLE ASSETS

This account consists of the following:

	2022	2021
Purchasing and accounting system/ ¹	1,621,152	1,621,152
Payroll system/ ²	169,890	184,354
Computer software/ ³	79,745	79,745
Inventory Management System	970,983	970,983
Document Management System/ ⁴	384,555	479,376
Engineering Software/ ⁵	21,739	43,578
	3,248,064	3,379,188

^{1/} Represents initial payment for Oracle License

^{2/} Represents amortized cost of payroll system acquired from Balmori - Version 7.8 Surepay. This was acquired in 2014 and 2015 for a total cost of P159,111.61 to be amortized for five years. Additional work-station license was acquired amounting to P62,500 in October 2021 and Interface Module Pay Master P17,853 in 2020 Total amortization recognized as of December 31, 2022 amounted to P69,575

^{3/} Represents salvage value of software acquired from Beacon Frontline Solutions, Inc. in CY 2005 in the amount of P1,254,545. It has been amortized for five years starting January 2007.

^{4/} Represents the purchased of Digital Archiving from Microgenesis Software Inc. amounting to P526, 786 net of input tax on July 21, 2021.

^{5/} Represents the acquisition of CAD-PRO 2021 – Engineering Software with a purchased price of P77,875 in September 2020 and Sketch UP Pro of P65,179 in November 2019

Reconciliation of the carrying amount follows:

	2022	2021
Carrying Amount, January 1	3,379,188	2,872,963
Additions	0	597,143
	3,379,188	3,470,106
Amortization	(131,124)	(90,918)
Carrying Amount, December 31	3,248,064	3,379,188
Gross Cost	4,822,022	4,822,022
Accumulated Amortization	(1,573,958)	(1,442,834)
Carrying Amount, December 31	3,248,064	3,379,188

11. OTHER ASSETS

This account consists of:

	Current	2022 Non- current	Total	Current	2021 Non- current	Total
Advances to Officers and Employees	648,169	0	648,169	90,064	0	90,064
Prepayments ^{1/}	41,172,151	0	41,172,151	26,998,408	0	26,998,408
Deposits ^{2/}		4,985,004	4,985,004	0	2,818,815	2,818,815
Contract in Progress ^{3/}	188,673	0	188,673	5,537,144	0	5,537,144
Other Investments		12,600	12,600	0	12,600	12,600
Total	42,008,993	4,997,604	47,006,597	32,625,616	2,831,415	35,457,031

^{1/} The prepayment represents the following:

	Amount
Advances to Contractors/Sub-Contractors	1,355,862
Input Tax	7,025,429
Prepaid Insurance	882,143
Creditable Input Tax	12,514,619
Withholding Tax at Source	7,950,212
Other Prepayments	11,443,886
Balance at end of year	41,172,151

^{2/} Represents the deposits/advances of rental of copier machine, office space at LBP Plaza, construction tools, security deposits of telephone lines, electric meter deposits (SEZ) and refundable construction bond.

^{3/} The Contract in Progress is the control account used to record the accumulated costs related to the construction and renovation projects of LBRDC. The LBRDC uses the percentage of completion method in recognizing income and cost based on the contract amount and it is also the policy of LBRDC to close its project at 95 per cent completion wherein abnormal balances of CIP, if any, will be closed to the Construction Cost account.

12. FINANCIAL LIABILITIES

This account consists of:

	Current	2022 Non- current	Total	Current	2021 Non- current	Total
Accounts Payable- Trade	19,918,016	3,109,283	23,027,299	6,040,161	3,768,402	9,808,563
Retention Payable	7,725,411	0.00	7,725,411	2,241,426	0.00	2,241,426
Lease Liability		643,295,492	643,295,492			
Loan Payable - Domestic		195,732,420	195,732,420			
Total	27,643,427	842,137,195	869,780,622	8,281,587	3,768,402	12,049,989

- a. Accounts Payables-Trade represents all trade payables arising from purchase of merchandise or services.
- b. Retention Payable represents a certain percentage of the contractor's billing which is temporarily retained by LBRDC to answer for the defects that may later on be discovered on the projects. The release of said portion shall be within one year after the acceptance of the projects.
- c. Lease Liability measured at the Present Value of Lease payments using rate implicit in the lease or if cannot be determined the implicit rate use incremental borrowing rate.
- d. The availment of the Long-Term Loan from Landbank was due to the acquisition of Special Economic Zone from Victoria Wave Limited Inc. located at Brgy. 186, Tala North Caloocan City which was booked as Loan Payable – Domestic.

13. INTER-AGENCY PAYABLES

This account consists of:

	2022	2021 As restated
Due to LBP	43,229,695	7,394,453
Due to Government Corporation	1,566,819	10,653,266
Income Tax Payable	2,952,399	5,790,931
Due to BIR	2,459,213	144,338
Due to SSS	2,892,527	2,783,969
Due to PhilHealth	1,657,140	1,656,662
Due to Pag-IBIG	1,059,890	1,101,303
Total	55,817,683	29,524,922

14. TRUST LIABILITIES

This account consists of:

	2022	2022
Customers' Rental Deposits	7,654,253	7,368,259
Contractors' Deposits	1,324,500	1,853,820
Customers' Deposit	143,018	143,018
	9,121,771	9,365,097

Customers' rental deposits represents amount deposited by the lessee for the units/properties being rented where the unpaid bills or repair to the property will be charged, the balance of which will be returned to the lessee.

Contractors' deposit represents deposit for the project's plans and specifications, bidder's bond and performance bond.

Customers' deposit represents deposit on real estate for sale developed by LBRDC.

15. DEFERRED CREDITS/UNEARNED INCOME

This account consists of:

	2022	2021
Unearned Revenue/Income- Investment Property	9,821	93,239
Output Tax	75,168,938	49,953,963
	75,178,759	50,047,202

16. PROVISIONS

This account consists of:

	2022	2021
Retirement Gratuity	10,641,214	5,678,063
Leave Benefits Payable ^{1/}	8,207,254	5,717,587
Health Benefits ^{2/}	1,420,000	1,475,000
	20,268,468	12,870,650

^{1/} This provision pertains to accrual of retirement and leave credits of the regular employees.

^{2/} LBRDC Board Resolution No. 21-04-10 dated April 20, 2021 approved the allocation of Health Contingency Fund to provide emergency financial assistance to all employees affected by the COVID-19 threat.

17. OTHER PAYABLES

This account consists of:

	2022	2021
Accounts Payable- Others	2,914,596	3,688,765
Accrued Expenses	57,149,633	52,742,886
Loan Payable – Domestic	7,000,000	0
	67,064,229	56,431,651

Accrued expenses include cost of audit fees, rental and administrative charges, employee benefits, direct materials and other administrative expenses.

18. SHARE CAPITAL

The Securities and Exchange Commission approved the increase in authorized capitalization of LBRDC on February 6, 2012. The total authorized capital is P500,000,000 at P10 par, issued and subscribed of P200,000,000 and paid up of P133,212,000. The increase in the equity of LBP in the amount of P33,212,000 (3,321,200 shares at P10 par value/share) was recognized and the Certificate of shares of stock was issued to LBP on February 16, 2012. In accordance with the Deed of Exchange executed by and between LBRDC and LBP on January 5, 2010, the consideration for the increase in equity consisting of a condominium unit and five parking slots at World Center, Makati City, with a value of P33,212,000 was recognized as Investment property.

In previous years, LBRDC issued stock dividends to the National Government totaling 7,498,857 shares or P74,988,570.

19. SHARE PREMIUM

The share premium represents the difference of the share issue price and par value of the share issued and outstanding amounting to P5,162,840.

20. REVALUATION SURPLUS

The land valued at P4,800,000 located at Naga City was appraised by Cuervo Appraisers, Inc. on June 19, 1996 for P66,000,000 resulted an incremental revaluation of P61,200,000 and recognized as PPE. Upon implementation of the PAS 40 in 2005, both land and building were reclassified to Investment Property with the carrying of P66,000,000 and P21,620,669 respectively.

21. RETAINED EARNINGS

Appropriation of Retained Earnings

The appropriation from Retained Earnings amounting to P348,772,607, that was approved in Board Resolution No. 21-05-07, is composed of the following:

Particulars	Amount	Timeline
Provision for software/equipment	18,772,607	2019-2024
Provision for liability insurance of directors	10,000,000	2019-2022
Construction of LBRDC Naga Building	320,000,000	2020-2025
	348,772,607	

Dividend Declaration to the National Government

The cash dividend for CY 2021 amounting to P25,769,700 was remitted to the Bureau of Treasury on May 10, 2022.

Restatement

The reinstatement of Retained Earnings beginning of CY 2022 is to reflect the impact of change in accounting policy related to the implementation of COA Circular 2022-004 on the threshold of Property and Equipment to be capitalized.

Details of the restatement of Retained earnings of the Corporation as at December 31, 2021 are as follows:

Particulars	Debit	Credit	Balance
Retained earnings, as of January 1, 2021 before restatement		76,185,374	76,185,374
Adjustments:			
Net prior period adjustments	1,475,854		(1,475,854)
Retained earnings, as of January 1, 2021, as restated			74,709,520
Net Income for CY 2021, as restated		50,399,807	50,399,807
Cash Dividend Remittance	23,372,136		(23,372,136)
Retained earnings as of December 31, 2021, as restated	24,847,990	126,585,181	101,737,191

The effects of these restatements in the financial statements as of and for the year ended December 31, 2021 are summarized below:

Reconciliation of statement of financial position:

Changes in the Statement of Financial Position	Note no.	As Previously Reported	Effects of Restatement	As Restated
Assets				
PPE, net January 1, 2021	9	14,262,382	(1,475,854)	12,786,528
PPE, net December 31, 2021		12,979,842	(2,171,245)	10,808,597
Liabilities				
Inter-Agency Payable, December 31, 2021	13	29,698,770	(173,848)	29,524,922
Equity				
Retained Earnings, January 1, 2021		424,957,981	(1,475,854)	423,482,127
Retained Earnings, December 31, 2021		452,507,195	(1,997,397)	450,509,798

22. SERVICE AND BUSINESS INCOME

This account consists of:

	2022	2021
Both Service Income		
Manpower Services Income	611,639,220	658,025,859
Construction Revenue	233,083,113	94,646,936
Property Management Fee	23,972,364	22,674,465
Fees and Commission Income	3,131,782	2,745,377
Appraisal	1,640,625	0
	873,467,104	778,092,637
Business Income		
Lease Income	76,507,642	25,056,709
Interest Income	6,929,206	5,416,662
	83,436,848	30,473,371
Total	956,903,952	808,566,008

23. DIRECT COSTS

This account consists of:

	2022	2021
Service Costs		
Manpower Services Expense	531,923,044	577,862,536
Construction Costs	184,004,892	84,104,033
Property Management Expense	14,201,332	13,598,706
Fees and Commission Expense (Retainer's Fee)	133,333	95,556
Appraisal Fee	309,384	0
Direct Cost (Lease at SEZ)	36,222,577	0
Total	766,794,562	675,660,831

24. PERSONNEL SERVICES

This account consists of:

	2022	2021
Salaries and Wages		
Salaries and Wages-Regular	30,831,277	23,155,721
Salaries and Wages-Casual/Contractual	4,813,678	3,631,905
	35,644,955	26,787,626
Other Compensation		
Personnel Economic Relief Allowance	1,331,000	1,034,110
Representation Allowance	793,500	649,750
Transportation Allowance	649,000	620,000
Productivity Incentive Allowance	299,000	224,500
Clothing/Uniform Allowance	296,689	232,701
Subsistence Allowance	60,000	186,000
	3,429,189	2,947,061

Honoraria		
Directors and Committees Members' Fees	1,577,000	1,252,939
Overtime and Night Pay	1,119,315	759,934
Year End Bonus	4,196,748	1,820,913
Mid-Year Bonus	2,008,864	1,578,456
Cash Gift	254,818	238,000
Longevity Pay	10,000	35,000
Other Bonuses and Allowances	4,038,159	2,034,500
	13,204,904	7,719,742
Personnel Benefit Contribution		
Employees Compensation Insurance Premium	2,028,818	1,489,726
PhilHealth Contribution	656,735	328,392
Pag-IBIG Contributions	104,700	81,600
	2,790,253	1,899,718
Other Personnel Benefits		
Retirement Gratuity	5,108,335	4,261,754
Other Personnel Benefits	437,112	85,973
	5,545,447	4,347,727
	60,614,748	43,701,874

LBRDC and its employees contribute to the Social Security System (SSS) in accordance with the Republic Act No. 8282. The SSS administers the plan including payment of employees' pension benefits.

25. MAINTENANCE AND OTHER OPERATING EXPENSES

This account is composed of:

	2022	2021 As restated
Training and Scholarship Expenses		
Training Expenses	911,180	207,192
Supplies and Materials Expenses		
Office Supplies Expenses	1,135,147	514,040
Accountable Forms Expenses	170,297	86,311
Other Materials and Supplies Expense	3,408,831	1,132,334
Utility Expenses		
Water and Electricity Expenses	2,349,531	1,028,233
Gas/Heating Expenses	381,747	490,386
Communication Expenses		
Telephone Expenses	253,205	733,930
Confidential, Intelligence and Extraordinary Expenses		
Extraordinary and Miscellaneous Expenses	182,000	232,871
Professional Services		
Auditing Services	295,787	785,286
Other Professional Services	250	15,000
General Services		
Janitorial Services	121,840	321,388
Security Services	4,531,540	760,451

	2022	2021 As restated
Repairs and Maintenance		
Repairs and Maintenance-Transportation Equipment	799,638	249,291
Repairs and Maintenance-Investment Property	2,150,055	357,427
Repairs and Maintenance-Machinery and Equipment	0	35,125
Repairs and Maintenance-Leased Assets	0	5,917
Improvement		
Repairs and Maintenance-Others	1,650,372	304,266
Repairs and Maintenance-Other Property, Plant & Equipment	0	42,137
Taxes, Insurance Premiums and Other Fees		
Taxes, Duties and Licenses	7,791,681	6,674,010
Insurance/Reinsurance Expenses	936,587	806,746
Other Maintenance and Operating Expenses		
Rent/Lease Expenses	1,880,460	3,397,522
Transportation and Delivery Expenses	74,974	29,323
Representation Expenses	487,306	1,136,777
Advertising, Promotional and Marketing Expenses	16,060	16,000
Membership Dues and Contributions to Organizations	7,500	22,881
Other Maintenance and Operating Expenses	7,126,548	1,060,882
Total	36,662,536	20,445,726

26. FINANCIAL EXPENSES

	2022	2021
Bank Charges	187,482	170,353
Interest Expense	0.00	174,034
TOTAL	187,482	344,387

27. NON-CASH EXPENSES

This account is composed of:

	2022	2021 As restated
Depreciation		
Depreciation-Investment Property	1,119,984	1,119,984
Depreciation-Buildings and Other Structures	328,488	328,488
Depreciation-Transportation Equipment	411,268	411,268
Depreciation-Machinery and Equipment	934,461	661,435
Depreciation-Furniture, Fixtures and Books	84,637	116,807
Depreciation-Right-of-use Asset	0	1,760,284
	2,878,838	4,398,266
Allowance for Doubtful Accounts		
Bad Debts	1,637,977	0
	1,637,977	

Amortization		
Amortization- Intangible Assets	131,124	90,918
	131,124	90,918
	4,647,939	4,489,184

28. OTHER NON-OPERATING INCOME, GAIN OR LOSSES

This income consists of the following:

	2022	2021
Other Gains	1,052,792	2,958,285
Total	1,052,792	2,958,285

Other gains are derived from selling of bidding documents, disposal of scrap waste materials from warehouse and other miscellaneous income.

29. INCOME TAX EXPENSE

Tax liabilities for the current period are measured at the amount expected to be paid to tax authority. Income tax expense comprises of current and final tax. The tax rates and tax law used to compute the amount are those that are enacted or substantively enacted at reporting date. For CY 2022 and 2021, the provisions for income tax were computed as follows:

	2022	2021 As restated
Net income before tax	89,049,476	66,882,291
Income subject to final tax	(6,417,733)	(4,889,253)
Income subject to special tax (5%)	(3,879,682)	0.00
Fines, penalties and other charges	2,605,761	25,500
Net Income subject to tax	81,357,822	62,018,538
Current tax expense		
(For CY 2022 – 25%)	20,339,456	
(For CY 2022- 5%)	744,981	
(For CY 2021 - 25%)		15,504,634
Income tax final	1,283,547	977,850
	22,367,984	16,482,484

New Tax Regulation

Republic Act (RA) No. 11534, An Act Reforming the Corporate Income Tax and Incentives System, was passed into law on March 26, 2020.

RA No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act provides that an income tax rate of 25 per cent effective July 1, 2020 shall be imposed upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation. Provided that corporations with net taxable income not exceeding P5 million and with total assets not exceeding P100

million excluding land on which the particular business entity's office, plant and equipment are situated during the taxable year for which the tax is imposed, shall be taxed at 20 per cent.

The Minimum Corporate Income Tax (MCIT) is one per cent effective June 1, 2020 until June 30, 2023 as provided for in RA No. 11534.

Under pre-CREATE PEZA rules; registered enterprises can enjoy a special five per cent Gross Income Tax incentive after their income tax holidays. Instead of paying regular corporate taxes, they are taxed five per cent of their gross income, which is determined by taking their gross sales and deducting their direct costs. LBRDC is already registered corporation to PEZA per Certificate of Registration No. 2022-00055-PEZA -DM-168-1.

30. EARNINGS PER SHARE

The basic earnings per share is computed by dividing the net income for the year attributable to common stockholders by the weighted average number of common shares issued and outstanding during the year adjusted for any subsequent stock dividends declared.

	2022	2021 As restated
Net income	66,681,493	50,399,807
Weighted average no. of outstanding common shares	13,321,200	13,321,200
Earnings per share	5.01	3.78

31. CONSTRUCTION CONTRACTS

The construction income for CY 2022 is P233,083,113 with accumulated cost of P184,004,892 and recognized net profit of P49,078,221. Also, the outstanding retention receivable as part of contract receivables and advances from clients as Due to LBP are P12,661,752 (net) and P43,228,695 respectively.

32. RETIREMENT BENEFITS

LBRDC has funded non-contributory defined retirements benefit plan in accordance with the Retirement Pay Law (Republic Act No. 7641) covering all of its qualified regular employees. The benefit is equal to one-half month salary for every year of service, a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one -half month salary" shall include 15 days salary based on the latest basic salary rate, cash equivalent of five days service incentive leave, one-twelfth (1/12) of the 13th month pay and other benefit inclusions as may be agreed upon by LBRDC and the employee. The plan provides retirement, separation, disability and death benefits to its members. The fund is being administered and managed by Land Bank of the Philippines – Trust Banking Group. Contributions and costs are determined with the actuarial studies made for the plan.

Annual cost is determined using the Accrued Benefit with the Actuarial Cost Method (Projected Unit Credit). The Company's latest actuarial valuation date is January 1, 2021.

LBRDC Board approved the retirement benefit plan on July 30, 2010 under Board Resolution No. 10-068. The retirement benefit plan includes vesting rights for voluntary separation of employees who have at least five years of continuous service. As of December 31, 2022, the vested benefit is P9,623,277 per Statement of Financial Position.

33. COMMITMENTS AND CONTINGENCIES

The Corporation has the following operating lease commitments:

LBRDC as Lessee

LBRDC has entered into commercial leases on the office spaces occupied and systems furniture in the following:

- a. Office space at LBP Plaza for five years and systems furniture which expired in May 2013 with renewal option included in the contracts. There are no restrictions placed upon the lessee on entering into these leases. Future minimum rental payable under non-cancelable operating lease which is due within one year as of December 31, 2022 is P730,298. These are lodged under the Rental expense account.
- b. Copy Link, Inc. for rental of copying with a contract of one year which ended on December 31, 2022 amounting to P815,596.
- c. Privatization Management Office for twenty- five years which commenced on June 2022. There are no restrictions placed upon the lessee on entering into this lease. Future minimum rentals payable under non-cancelable finance leases which due on on May 31, 2047.

LBRDC as lessor

LBRDC has entered into commercial property leases on its investment property portfolio consisting of land and building. These non-cancelable leases have remaining terms of one to 15 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

LBRDC also entered into Special Economic Zone property leases under PEZA rules and regulations consisting of improvements/buildings only. These non-cancelable leases for month- to-month basis took over in July 2022 from a private company Victoria Wage Limited Inc. (WVLI) until new contract of lease between LBRDC and existing Locators will be executed under five-year lease term contract in 2023.



34. RELATED PARTY TRANSACTIONS

The financial statements include transactions entered into with related parties for the relevant financial year:

	2022	2021
Investment in HYSA	30,157,684	96,541,589
LBP Branches and Plaza HQ	889,971,931	650,185,105
Investment in RTB	71,970,857	91,970,857
LBP Naga Branch Rental	2,418,561	2,348,118
LBRDC Head Office Space	693,783	693,783
TOTAL	995,212,816	841,739,452

34.1 The transfer of title for the World Centre Condominium property infused by LBP, as additional equity, has not yet materialized due to LBRDC's request for the certification/confirmation of a tax-free exchange of the property. The Management is still waiting for the reply of the Assistant Commissioner for Legal Services, Bureau of Internal Revenue, for the issuance of the certificate that will be presented to the Registry of Deeds for the registration of the title under the name of LBRDC.

34.2 Key Management Personnel

The key management personnel of the LBRDC are the President and CEO, the members of the governing body, and the members of the senior management group. The governing body consists of members appointed by the President of the Philippines. The senior management group consists of the President and CEO and the Heads of its departments.

34.3 Key Management Personnel Compensation

The aggregate remuneration of members of the governing body and the number of members determined on a fulltime equivalent basis receiving remuneration within this category, are:

	Aggregate Remuneration
Salaries and Wages	6,691,212
Other Compensation	3,047,022
	9,738,234

35. EVENTS AFTER THE REPORTING DATE

Cash Dividend Declaration

On March 28, 2023, the LBRDC Board of Directors approved the declaration of cash dividend amounting to P36,599,140 and its remittance to the National Government under Board Resolution No. 23-03-13.

36. SUPPLEMENTARY INFORMATION ON REVENUE REGULATION

A. REVENUE REGULATIONS (RR) No. 15-2010

On November 25, 2010, the Bureau of Internal Revenue (BIR) issued RR No. 15-2010 which prescribes additional procedural and/or documentary requirements in connection with the preparation and submission of financial statements accompanying the tax returns. Under the said RR, companies are required to disclose, in addition to the disclosures mandated under PFRSs and such other standards and/or conventions that may heretofore be adopted, in the Notes to the Financial Statements, information on taxes, duties and license fees paid or accrued during the taxable year. In compliance with the requirements set forth by RR No. 15-2010, hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year.

LBRDC is a VAT registered entity under Philippine tax laws per RR No. 16-2005. LBRDC is subject to Value Added Tax and other taxes (presented as Taxes and Licenses in the statement of comprehensive income) as well as corporate income tax. LBRDC was also designated by BIR as withholding tax agent under RR No. 17-2003 and RR No. 12-94, as amended.

In compliance, LBRDC pays the corresponding Value Added Tax on all items treated as gross receipt/sales and fringe benefit tax (FBT) on the benefits provided to its officers in accordance with the law and revenue regulation prescribing FBT. LBRDC withheld corresponding taxes on purchases of goods and services and compensation of employees.

- a. The LBRDC is VAT-registered with VAT output tax declaration of P95,680,474 for CY 2022
- b. The LBRDC has zero-rated/exempt sales pertaining to the sale of townhouses at Grand Garden Villas.
- c. The amount of VAT input taxes claimed are broken down as follows:

	Amount
Balance, beginning of the year	1,464,498
Current year's purchases	
i. Goods other than resale or manufacture capital goods	292,998
ii. Goods other than capital goods	9,556,617
iii. Services lodged under other accounts	11,327,652
Claims for tax credits/refund	(15,357,132)
Balance at end of year	7,284,633



d. Other taxes and licenses

	Amount
Local	
Mayor's permit	5,081,350
Real estate tax	1,955,063
Capital equipment tax	56,908
Professional tax receipt/PRC License (renewal)	15,715
Community Tax Certificate	10,500
Barangay Clearance	500
	7,120,036

	Amount
National	
Tax on fringe benefits	129,231
Tax Clearance	400
Documentary Stamp Tax	3,879
Registration of company vehicle	35,703
Registration of PCAB License (renewal)	16,182
Registration – DOLE (renewal)	25,000
Renewal of VAT Registration	500
Renewal of PhilGEPS membership	5,000
Accreditation as Asset Valuer	2,000
Administrative fee-SEZ, Tala	453,750
	671,645

e. The amount of withholding taxes paid/accrued for the year amounted to:

	Amount
Tax on compensation and benefits	6,447,805
Final withholding taxes (Withheld by clients, claimed as tax credits)	8,396,116
Expanded withholding taxes	2,887,405
Withholding percentage taxes	98,211
	17,829,537
Creditable withholding taxes	0
	17,829,537

B. RR NO. 2-2014

RR No. 2-2014 prescribes the new income tax forms to be used for income tax filing covering and starting the taxable year ended December 31, 2013

Pursuant to Section 244, in relation to Sections 6(H), 51(A)(1) and 51(A)(2) of the National Internal Revenue Code of 1997 (Tax Code), as amended, these Regulations are issued to prescribe the use of revised income tax forms with bar codes, and to reflect the changes in information required from said forms. This will also enable the said forms to be read by an optical character reader (OCR) for ease in scanning.

In the case of corporation using BIR Form No. 1702, the taxpayer is now required to include as part of its notes to the audited financial statements, which will be attached to the income tax return (ITR), the schedules and information on taxable and deductions to be taken.

1. Sales/Receipts/Fees

	Taxable Amount under Regular Rate
Sales of Services	949,974,746
	949,974,746

2. Cost of Sales/Services

	Amount under Regular Rate
Direct Charges – Salaries, Wages and Benefits	766,794,561
	766,794,561

3. Other Taxable Income Not Subjected to Final Tax

	Amount under Regular Rate
Interest Income	511,472
TOTAL	511,472

4. Ordinary Allowable Itemized Deduction

Particulars	Amount
Amortization Expense	131,124
Charitable and Other Contributions	80,000
Depreciation	2,878,838
Rental	1,880,460
Salaries and Allowances	36,764,271
SSS, GSIS, Philhealth, HDMF and Other Contribution	2,790,253
Taxes and Licenses	7,791,681
Transportation and Travel	241,150
Janitorial and Messengerial Services	121,840
Professional Fees (Auditing Services)	295,787
Security Services	4,531,541
Employees Benefits	21,060,226
Trainings Expense	911,180
Office Supplies Expense	1,135,147
Others	18,893,446
TOTAL	99,506,944

37. OTHER SUPPLEMENTARY INFORMATION

In compliance with the Revised Securities Regulation Rule 68 issued by the Securities and Exchange Commission, the following are the financial soundness indicators of the LBRDC:

	2022	2021 As restated
Current ratio	2.80	3.61
Solvency ratio	0.06	0.32
Debt to Equity ratio	1.59	0.26
Equity to Asset ratio	0.39	0.79
Interest rate coverage ratio	10	410
Profitability Ratio:		
Profit Margin	20%	17%
Operating Profit Margin	20.01%	16.44%
Net Profit Margin	6.96%	6.21%
Return on Assets	3.73%	6.14%
Return on Equity	9.65%	7.75

Current Ratio decreased to 2.80 from 3.61 in CY 2022 mainly due to the bank loan availment in order to purchase the Special Economic Zone in Tala, Caloocan City, with an increase of 22 per cent as compared in CY 2021 which caused the Solvency Ratio lowered significantly by 81 per cent.

Profitability Ratio improved the level of operations in CY 2022 as compared in CY 2021 contributed by the lease revenue generated from the Special Economic Zone and also the increase in construction revenue by 146 per cent as compared in CY 2021.

