

COVER SHEET

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S.E.C. Registration Number

H A U S T A L K , I N C .

(Company's Full Name)

U N I T 7 0 1 O R I E N T S Q U A R E

B L D G . , F . O R T I G A S J R . R D .

O R T I G A S C E N T E R

P A S I G C I T Y

(Business Address: No. Street City / Town / Province)

Maria Agnes M. Siapno

Contact Person

(632) 8634 8712

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

17-Q

FORM TYPE

May

Month

24

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/ Section

Total No. of stockholders

Domestic

Foreign

Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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

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

1. For the quarterly period ended **June 30, 2022**
2. Commission identification number **CS200409462** 3. BIR Tax Identification No **233-687-508**
4. Exact name of issuer as specified in its charter **HAUS TALK, INC.**
5. **Metro Manila, Philippines**
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **Unit 701 Orient Square Bldg. F. Ortigas Jr. Ortigas Center, Pasig City** **1605**
Address of issuer's principal office Postal Code
8. **(02) 8636-6929**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address and former fiscal year, if changed since last report

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	2,500,000,000

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

Yes No

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

Philippine Stock Exchange **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended June 30, 2022 (Unaudited), June & December 2021 (Audited)

(In Philippine Peso)

ASSETS	2022	June 30, 2021	December 31, 2021
CURRENT ASSETS			
Cash	219,644,714	20,173,335	27,981,912
Receivables	384,696,024	230,041,163	361,491,792
Real estate inventories	3,296,200,779	2,884,989,709	1,908,517,969
Prepayments and other current assets	9,510,039	1,718,051	1,489,522
Total Current Assets	3,910,051,556	3,136,922,258	2,299,481,195
NON-CURRENT ASSETS			
Receivables, net of current portion	87,889,614	64,598,256	69,229,318
Advances to related parties		15,801,330	-
Property and equipment, net	16,335,899	12,318,471	864,269,620
Software	9,408,000		
Other non-current asset	6,847,476	5,368,995	6,072,861
Total Non-Current Assets	120,480,989	98,087,052	939,571,799
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TOTAL ASSETS	4,030,532,545	3,235,009,310	3,239,052,994

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts and other payables	254,437,120	223,841,310	177,612,486
Income tax payable	9,333,685	3,075,690	14,174,781
Loans and borrowings - current portion	<u>175,393,320</u>	<u>112,977,707</u>	<u>188,876,645</u>
Total Current Liabilities	<u>439,164,124</u>	<u>339,894,707</u>	<u>380,663,912</u>

NON-CURRENT LIABILITIES

Loans and borrowings, net of current portion	176,973,572	358,068,739	187,028,729
Advances from related parties	155,000,000	165,737,500	216,484,295
Defined benefit obligation	<u>12,994,911</u>	<u>15,019,901</u>	<u>12,994,911</u>
Total Non-Current Liabilities	<u>344,968,483</u>	<u>538,826,140</u>	<u>416,507,935</u>

EQUITY

Share capital	2,500,000,000	2,000,000,000	2,000,000,000
Additional paid-in capital	219,305,559		
Retained earnings	523,758,561	357,205,905	438,545,329
Actuarial gain (loss) on defined benefit obligation	<u>3,335,818</u>	<u>(917,442)</u>	<u>3,335,818</u>
Total Equity	<u>3,246,399,937</u>	<u>2,356,288,463</u>	<u>2,441,881,147</u>

TOTAL LIABILITIES AND EQUITY	4,030,532,545	3,235,009,310	3,239,052,994
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See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Interim for the three- and six-months period ending June 30, 2022 (Unaudited) and 2021 (Audited)
(In Philippine Peso)

	3 mos. Interim		6 mos. Interim	
	Apr - Jun '22 <i>Unaudited</i>	Apr - Jun '21 <i>Audited</i>	Jan - Jun '22 <i>Unaudited</i>	Jan - Jun '21 <i>Audited</i>
REVENUE				
Real estate sales	189,523,600	23,409,472	378,387,200	81,609,472
Other operating income	<u>4,109,223</u>	<u>3,014,780</u>	<u>7,331,661</u>	<u>7,162,459</u>
Total Revenue	193,632,823	26,424,252	385,718,861	88,771,931
COST OF REAL ESTATE SALES	<u>107,686,088</u>	<u>6,641,324</u>	<u>214,987,026</u>	<u>52,649,235</u>
GROSS PROFIT	<u>85,946,734</u>	<u>19,782,928</u>	<u>170,731,834</u>	<u>36,122,696</u>
OPERATING EXPENSES				
Selling expenses	14,610,697	3,868,839	22,991,306	3,914,291
General and administrative expenses	<u>19,595,686</u>	<u>4,589,159</u>	<u>34,923,020</u>	<u>8,925,776</u>
Total Operating Expenses	<u>34,206,383</u>	<u>8,457,998</u>	<u>57,914,326</u>	<u>12,840,067</u>
NET OPERATING INCOME	51,740,351	11,324,930	112,817,508	23,282,629
FINANCE COST, NET	<u>357,378</u>	<u>3,932,211</u>	<u>3,110,716</u>	<u>4,115,757</u>
INCOME BEFORE TAX	51,382,973	7,392,719	109,706,792	19,166,872
INCOME TAX EXPENSE	<u>(12,002,502)</u>	<u>(2,072,468)</u>	<u>(24,493,561)</u>	<u>(3,075,690)</u>
NET INCOME	39,380,471	5,320,251	85,213,231	16,091,182
OTHER COMPREHENSIVE INCOME				
Actuarial gain (loss) on retirement plan	<u>-</u>	<u>-</u>	<u>4,253,260</u>	<u>(1,311,370)</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>39,380,471</u>	<u>5,320,251</u>	<u>89,466,491</u>	<u>14,779,812</u>
BASIC EARNINGS PER SHARE	<u>0.016</u>	<u>0.003</u>	<u>0.034</u>	<u>0.008</u>

See Consolidated Notes to Financial Statements

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Interim for the three- and six-months period ending June 30, 2022 (Unaudited) and 2021 (Audited)

(In Philippine Peso)

	Share Capital	Additional paid-in capital	Retained Earnings	Actuarial gain (loss) on defined benefit obligation	Total
BALANCE AT DECEMBER 31, 2018	2,000,000,000		299,720,300	1,888,869	2,301,609,169
Prior period adjustment	-		(10,369,969)	-	(10,369,969)
As restated balance	2,000,000,000		289,350,331	1,888,869	2,291,239,200
Net income	-		1,360,910	-	1,360,910
Other comprehensive income	-		-	(1,494,941)	(1,494,941)
BALANCE AT DECEMBER 31, 2019	2,000,000,000		290,711,241	393,928	2,291,105,169
Net income	-		50,403,482	-	50,403,482
Other comprehensive income	-			(1,311,370)	(1,311,370)
BALANCE AT DECEMBER 31, 2020	2,000,000,000		341,114,723	(917,442)	2,340,197,281
Net income	-		10,770,931	-	10,770,931
Other comprehensive income	-		-	-	-
BALANCE AT MARCH 31, 2021	2,000,000,000	-	351,885,654	(917,442)	2,350,968,212
Net income			5,320,251		5,320,251
Other comprehensive income					-
BALANCE AT JUNE 30, 2021	2,000,000,000	-	357,205,905	(917,442)	2,356,288,463
Net income			81,339,424		81,339,424
Other comprehensive income				4,253,260	4,253,260

BALANCE AT DECEMBER 31, 2021	2,000,000,000	-	438,545,329	3,335,818	2,441,881,147
Share capital	500,000,000				500,000,000
Additional paid-in capital		219,305,559			219,305,559
Net income			45,832,760		45,832,760
Other comprehensive income					
BALANCE AT MARCH 31, 2022	2,500,000,000	219,305,559	484,378,089	3,335,818	3,207,019,466
Net income			39,380,471		39,380,471
Other comprehensive income					-
BALANCE AT JUNE 30, 2022	2,500,000,000	219,305,559	523,758,560	3,335,818	3,246,399,937

*See Consolidated Notes to
Financial Statements*

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HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended June 30, 2022 (Unaudited), June & December 2021 (Audited)
(In Philippine Peso)

For the Year Ended December 31,	June 30,	December 31,	
	2022	2021	
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before tax	109,706,792	19,166,872	111,621,549
Adjustments for:			
Prior period adjustment	-		-
Interest expense - bank loans	2,753,758	4,125,805	12,533,501
Interest expense - defined benefit obligation			565,872
Retirement expense	1,187,540		1,940,048
Interest income earned	(421)	(10,048)	(20,314)
Depreciation	(217,995)	967,555	4,438,417
Operating income before changes in working capital	113,429,674	24,250,184	131,079,073
Changes in assets and liabilities:			
Increase in receivables	(41,864,527)	(23,249,588)	(159,331,279)
Decrease (Increase) in real estate inventories	(1,387,682,810)	(855,386,564)	121,085,176
Decrease (Increase) in prepayments and other current assets	(8,020,517)	51,837	280,366
Decrease in other non-current assets	(774,615)	689,716	1,411,519
Increase (Decrease) in accounts and other payables	76,824,634	112,299,268	66,070,444
Cash generated from operations	(1,248,088,161)	(741,345,147)	160,317,649
Benefits paid	(1,187,540)	-	
Interest received	421	10,048	20,314
Income taxes paid	(29,334,657)	(1,488,080)	(2,929,911)
Net Cash from Operating Activities	(1,278,609,937)	(742,823,179)	157,408,052

CASH FLOWS FROM INVESTING ACTIVITIES

Issuance of shares	500,000,000	-	
Additional paid up capital	219,305,559	-	
Acquisition of property and equipment	848,151,716	(3,078,620)	(858,500,631)
Acquisition of intangible assets	(9,408,000)	-	
Collections of (additional) advances to related parties	<u>-</u>	<u>740,998,670</u>	<u>756,800,000</u>
Net Cash from Investing Activities	1,558,049,275	737,920,050	<u>(101,700,631)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Additions to loans and borrowings	(23,538,482)	14,382,640	(80,758,432)
Additional advances from related parties	- 61,484,295	1,237,500	51,984,295
Interest paid	<u>(2,753,758)</u>	<u>(4,125,805)</u>	<u>(12,533,501)</u>
Net Cash from Financing Activities	<u>(87,776,535)</u>	<u>11,494,335</u>	<u>(41,307,638)</u>

NET INCREASE(DECREASE) IN CASH 191,662,802 6,591,206 14,399,783

CASH, BEGINNING 27,981,912 13,582,129 13,582,129

CASH, END 219,644,714 20,173,335 27,981,912

See Consolidated Notes to Financial Statements

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HAUS TALK, INC. AND ITS SUBSIDIARY

**For the period June 2022 (Unaudited), June 2021 & December 2021 (Audited)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS AS REQUIRED BY REVISED SRC RULE 68 ANNEX
68-E**

Ratio	Formula	As of June 30, 2022	As of June 30, 2021	As of Dec. 31, 2021
Current Ratio	Total current assets	3,910,051,555.91	3,136,922,258.00	2,299,481,195.00
	Divided by: Total current liabilities	<u>439,164,124.34</u>	<u>339,894,707.00</u>	<u>380,663,912.00</u>
	Current ratio	8.90	9.23	6.04
Acid test ratio	Total current assets	3,910,051,555.91	3,136,922,258.00	2,299,481,195.00
	Less: Other current assets	<u>9,510,038.73</u>	<u>1,718,051.00</u>	<u>1,489,522.00</u>
	Quick assets	3,900,541,517.18	3,135,204,207.00	2,297,991,673.00
	Divide by: Total current liabilities	<u>439,164,124.34</u>	<u>339,894,707.00</u>	<u>380,663,912.00</u>
	Acid test ratio	8.88	9.22	6.04
Solvency Ratio	Net income	85,213,231.07	16,091,182.00	97,430,606.00
	Add: Depreciation	<u>217,995.00</u>	<u>967,555.00</u>	<u>4,438,417.00</u>
	Total	84,995,236.07	17,058,737.00	101,869,023.00
	Divide by: Total liabilities	<u>784,132,607.62</u>	<u>878,720,847.00</u>	<u>797,171,847.00</u>
	Solvency ratio	0.11	0.02	0.13
Debt-to-Equity Ratio	Total liabilities	784,132,607.62	878,720,847.00	797,171,847.00
	Divided by: Total Equity	<u>3,246,399,937.45</u>	<u>2,356,288,463.00</u>	<u>2,441,881,147.00</u>
	Debt-to-equity ratio	0.24	0.37	0.33
Asset-to-equity ratio	Total assets	4,030,532,545.07	3,235,009,310.00	3,239,052,994.00
	Divided by: Total equity	<u>3,246,399,937.45</u>	<u>2,356,288,463.00</u>	<u>2,441,881,147.00</u>
	Asset-to-equity ratio	1.24	1.37	1.33

Interest rate coverage ratio	Income before income tax	109,706,792.06	19,166,872.00	111,621,549.00
	Add: Interest expense	<u>2,753,758.00</u>	<u>4,125,805.00</u>	<u>13,099,373.00</u>
	Total	112,460,550.06	23,292,677.00	124,720,922.00
	Divided by: Interest expense	<u>2,753,758.00</u>	<u>4,125,805.00</u>	<u>13,099,373.00</u>
	Interest rate coverage ratio	40.84	5.65	9.52
Return on average equity	Net income	85,213,231.07	16,091,182.00	97,430,606.00
	Divided by: Average total capital accounts	<u>2,801,344,200.23</u>	<u>2,327,575,244.50</u>	<u>2,391,039,214.00</u>
	Return on equity	0.03	0.01	0.04
Return on average assets	Net income	85,213,231.07	16,091,182.00	97,430,606.00
	Divided by: Average total assets	<u>3,632,770,927.54</u>	<u>3,034,582,821.50</u>	<u>3,164,232,052.00</u>
	Return on average assets	0.02	0.01	0.03
Net profit margin	Net income	85,213,231.07	16,091,182.00	97,430,606.00
	Net sales	<u>378,387,200.00</u>	<u>81,609,472.00</u>	<u>428,006,472.00</u>
	Net profit margin	0.23	0.20	0.23

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

HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended June 30, 2022 (Unaudited) and 2021 (Audited)

(In Philippine Peso)

ASSETS	June 30,		Horizontal Analysis- June 2022 vs. 2021		Vertical Analysis- June 2022 vs. 2021	
	2022	2021	Amount	%	%	%
CURRENT ASSETS						
Cash	219,644,714	20,173,335	199,471,379.17	988.79%	5.45%	0.62%
Receivables	384,696,024	230,041,163	154,654,860.66	67.23%	9.54%	7.11%
Real estate inventories	3,296,200,779	2,884,989,709	411,211,070.34	14.25%	81.78%	89.18%
Prepayments and other current assets	9,510,039	1,718,051	7,791,987.73	453.54%	0.24%	0.05%
Total Current Assets	3,910,051,556	3,136,922,258	773,129,297.91	24.65%	97.01%	96.97%
NON-CURRENT ASSETS						
Receivables, net of current portion	87,889,614	64,598,256	23,291,357.56	36.06%	2.18%	2.00%
Advances to related parties		15,801,330	(15,801,330.00)	-100.00%	0.00%	0.49%
Property and equipment, net	16,335,899	12,318,471	4,017,428.13	32.61%	0.41%	0.38%
Software	9,408,000		9,408,000.00		0.23%	0.00%
Other non-current asset	6,847,476	5,368,995	1,478,481.47	27.54%	0.17%	0.17%
Total Non- Current Assets	120,480,989	98,087,052	22,393,937.16	22.83%	2.99%	3.03%
TOTAL ASSETS	4,030,532,545	3,235,009,310	795,523,235.07	24.59%	100.00%	100.00%

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts and other payables	254,437,120	223,841,310	30,595,810.01	13.67%	6.31%	6.92%
Income tax payable	9,333,685	3,075,690	6,257,994.50	203.47%	0.23%	0.10%
Loans and borrowings - current portion	175,393,320	112,977,707	62,415,612.82	55.25%	4.35%	3.49%
					0.00%	0.00%
Total Current Liabilities	439,164,124	339,894,707	99,269,417.34	29.21%	10.90%	10.51%

NON-CURRENT LIABILITIES

Loans and borrowings, net of current portion	176,973,572	358,068,739	(181,095,166.71)	-50.58%	4.39%	11.07%
Advances from related parties	155,000,000	165,737,500	(10,737,500.00)	-6.48%	3.85%	5.12%
Defined benefit obligation	12,994,911	15,019,901	(2,024,990.00)	-13.48%	0.32%	0.46%
					0.00%	0.00%
Total Non-Current Liabilities	344,968,483	538,826,140	(193,857,656.71)	-35.98%	8.56%	16.66%

EQUITY

Share capital	2,500,000,000	2,000,000,000	500,000,000.00	25.00%	62.03%	61.82%
Additional paid-in capital	219,305,559		219,305,558.64		5.44%	0.00%
Retained earnings	523,758,561	357,205,905	166,552,655.81	46.63%	12.99%	11.04%
Actuarial gain (loss) on defined benefit obligation	3,335,818	(917,442)	4,253,260.00	-463.60%	0.08%	-0.03%
Total Equity	3,246,399,937	2,356,288,463	890,111,474.45	37.78%	80.55%	72.84%

TOTAL LIABILITIES AND EQUITY

4,030,532,545	3,235,009,310	795,523,235.07	24.59%	100.00%	100.00%
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See Consolidated Notes to Financial Statements

Financial Position as of June 30, 2022 (Unaudited) vs. June 30, 2021 (Audited)

Cash increased by 989% or Php199.47M as a net effect of the proceeds from the IPO, payments from buyers and the acquisition of the Biñan property.

Receivables-current portion increased by 67.23% or Php154.65M driven by the installment sales posted during the period.

Real estate inventories increased by 14.25% or Php 411.21M due to the acquisition of Biñan and Bacoor properties and development of Celestis 1 & 2 and Mariveles projects.

Prepayments and other current assets increased by 453.54% or Php7.79M relative to the acquisition of the Biñan property.

Receivables, net of current portion increased by 36.06% or Php23.29M driven by installment sales.

Advances to related parties amounting to 15.8M were totally eliminated as these were part of the equity conversion of the parent company in Lifestyle Development Corp. during the previous year.

Property and equipment rose by 32.61% or Php4.02M due to the acquisition of additional office and construction equipment

Software account registered a 100% or Php9.41M increase attributed to the company's acquisition of its accounting system.

Other non-current assets posted a 27.54% or Php1.48M growth due to refundable deposits made.

Accounts and other payables went up by 13.67% or Php30.60M as the company acquired more construction and office equipment and materials.

Income tax payable registered an upward trend by 203.47% or Php6.26M attributable to the growth in the net taxable income.

Loans and borrowings - current portion went up by 55.25% or Php62.42M as portions of the non-current loans have become current.

Loans and borrowings-net of current portion posted a balance lower by 50.58% or Php181.10M as these were moved to current portion and/or paid in full.

Advances from related parties decreased by 6.48% or Php10.74M relative to the settlement of accounts with subsidiaries.

Share capital increased by 25% or P500M as a result of the company's initial public offering of its shares of stock in the SME board of the PSE.

The company registered Php219.30M paid-in capital reflecting the payments in excess of par value for subscriptions made on the 500M shares issued during the IPO.

Retained earnings grew by 46.63% or P166.55M consequent to the increase in net income.

Actuarial gain (loss) went up by 463.60% or 4.25M attributable to the remeasurement gain.

HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period ended June 30, 2022 (Unaudited) and June 30, 2021 (Audited)
(In Philippine Peso)

	6 mos. Interim		Horizontal Analysis- June 2022 vs. 2021		Vertical Analysis- June 2022 vs. 2021	
	June 30, 2022	2021	Amount	%	%	%
REVENUE						
Real estate sales	378,387,200	81,609,472	296,777,728.00	363.66%	100.00%	100.00%
Other operating income	7,331,661	7,162,459	169,201.50	2.36%	1.94%	8.78%
Total Revenue	385,718,861	88,771,931	296,946,929.50	334.51%	101.94%	108.78%
COST OF REAL ESTATE SALES						
	214,987,026	52,649,235	162,337,791.30	308.34%	56.82%	64.51%
GROSS PROFIT	170,731,834	36,122,696	134,609,138.20	372.64%	45.12%	44.26%
OPERATING EXPENSES						
Selling expenses	22,991,306	3,914,291	19,077,014.69	487.37%	6.08%	4.80%
General and administrative expenses	34,923,020	8,925,776	25,997,244.18	291.26%	9.23%	10.94%
Total Operating Expenses	57,914,326	12,840,067	45,074,258.87	351.04%	15.31%	15.73%
NET OPERATING INCOME	112,817,508	23,282,629	89,534,879.32	384.56%	29.82%	28.53%
FINANCE COST, NET	3,110,716	4,115,757	(1,005,040.73)	-24.42%	0.82%	5.04%
INCOME BEFORE TAX	109,706,792	19,166,872	90,539,920.06	472.38%	28.99%	23.49%
INCOME TAX EXPENSE	(24,493,561)	(3,075,690)	(21,417,870.99)	696.36%	-6.47%	-3.77%
NET INCOME	85,213,231	16,091,182	69,122,049.07	429.56%	22.52%	19.72%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan	4,253,260	(1,311,370)	5,564,630.00	424.34%	1.12%	-1.61%
TOTAL COMPREHENSIVE INCOME (LOSS)	89,466,491	14,779,812	74,686,679.07	505.33%	23.64%	18.11%
BASIC EARNINGS PER SHARE	0.034	0.008				

Financial Operation as of June 30, 2022 Unaudited vs. June 30, 2021 Audited (6 mos. Interim)

Real estate sales grew by 364% or Php296.78M as more units were sold/taken out.

Cost of Sales registered an increase of 308.34% or Php162.34M relative to the growth in sales.

Selling expenses increased by 487% or Php19.08M attributed to the strengthened marketing activities during the current period.

General and administrative expenses rose by 291% or Php26M as a result of the hiring of additional talents and the alignment of the salary structure of the existing personnel.

Finance cost went down by 24% or Php1M due to loan repayments made.

Income before tax spiked by 472% or Php90.54M driven by the growth in sales.

Income tax expense grew by 696% or Php21.42M consequent to the growth in the taxable income.

Net income rose by 430% or Php69.12M attributed to the growth in sales.

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HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended June 30, 2022 and March 31, 2022 (Unaudited)

(In Philippine Peso)

ASSETS	June 30,	March 31,	Horizontal Analysis-		Vertical Analysis-	
	2022	2022	June 2022 vs. March 2022	%	June 2022 vs. March 2022	%
			Amount	%	%	%
CURRENT ASSETS						
Cash	219,644,714	366,453,372	(146,808,657.83)	-40.06%	5.45%	9.05%
Receivables	384,696,024	474,247,771	(89,551,747.34)	-18.88%	9.54%	11.71%
Real estate inventories	3,296,200,779	3,107,993,335	188,207,444.34	6.06%	81.78%	76.77%
Prepayments and other current assets	9,510,039	5,361,807	4,148,231.73	77.37%	0.24%	0.13%
Total Current Assets	3,910,051,556	3,954,056,285	(44,004,729.09)	-1.11%	97.01%	97.67%
NON-CURRENT ASSETS						
Receivables, net of current portion	87,889,614	65,649,652	22,239,961.56	33.88%	2.18%	1.62%
Advances to related parties		-	-		0.00%	0.00%
Property and equipment, net	16,335,899	13,079,263	3,256,636.13	24.90%	0.41%	0.32%
Software	9,408,000	9,408,000	-		0.23%	0.23%
Other non-current asset	6,847,476	6,105,705	741,771.47	12.15%	0.17%	0.15%
Total Non-Current Assets	120,480,989	94,242,620	26,238,369.16	27.84%	2.99%	2.33%
TOTAL ASSETS	4,030,532,545	4,048,298,905	(17,766,359.93)	-0.44%	100.00%	100.00%

**LIABILITIES AND
EQUITY**

**CURRENT
LIABILITIES**

Accounts and other payables	254,437,120	275,833,387	(21,396,266.99)	-7.76%	6.31%	6.81%
Income tax payable	9,333,685	8,016,342	1,317,342.50	16.43%	0.23%	0.20%
Loans and borrowings - current portion	175,393,320	147,989,922	27,403,397.82	18.52%	4.35%	3.66%
Total Current Liabilities	439,164,124	431,839,651	7,324,473.34	1.70%	10.90%	10.67%

**NON-CURRENT
LIABILITIES**

Loans and borrowings, net of current portion	176,973,572	173,428,844	3,544,728.29	2.04%	4.39%	4.28%
Advances from related parties	155,000,000	223,016,033	(68,016,033.00)	-30.50%	3.85%	5.51%
Defined benefit obligation	12,994,911	12,994,911	-	0.00%	0.32%	0.32%
Total Non-Current Liabilities	344,968,483	409,439,788	(64,471,304.71)	-15.75%	8.56%	10.11%

EQUITY

Share capital	2,500,000,000	2,500,000,000	-	0.00%	62.03%	61.75%
Additional paid-in capital	219,305,559	219,305,559	(0.36)	0.00%	5.44%	5.42%
Retained earnings	523,758,561	484,378,089	39,380,471.81	8.13%	12.99%	11.96%
Actuarial gain (loss) on defined benefit obligation	3,335,818	3,335,818	-	0.00%	0.08%	0.08%
Total Equity	3,246,399,937	3,207,019,466	39,380,471.45	1.23%	80.55%	79.22%

**TOTAL
LIABILITIES AND
EQUITY**

4,030,532,545	4,048,298,905	(17,766,359.93)	-0.44%	100.00%	100.00%
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*See Consolidated Notes to
Financial Statements*

Financial Position as of the end of first quarter vis-á-vis the second quarter of 2022 (Unaudited)

Cash dropped by 40.06% or Php146.81M as a net effect of collections from buyers and payments made to suppliers, affiliates and banks as well as the acquisition of the Biñan property.

Receivables-current portion declined by 18.88% or Php89.55M attributable to the units that were paid in full/taken out by banks.

Real estate inventories rose by 6.06% Php188.21M due to the acquisition of properties and development/construction activities.

Prepayments and other current assets increased by 77.37% or Php4.15M relative to the acquisition of the Biñan property.

Receivables, net of current portion rose by 33.88% or Php22.24M driven by the installment sales.

Property and equipment rose by 24.90% or Php3.26M due to the acquisition of additional office and construction equipment and materials.

Other non-current assets posted a 12.15% or Php0.74M increase due to refundable deposits made.

Accounts and other payables declined by 7.76% or Php21.40M as the company paid outstanding accounts to its suppliers and providers.

Income tax payable registered an upward trend by 16.43% or Php1.32M attributable to the growth in the net taxable income.

Loans and borrowings - current portion went up by 18.52% or Php27.40M as portions of the non-current portion have become current.

Advances from related parties dropped by 30.50% or Php68.02M relative to settlement of accounts with subsidiaries.

Retained earnings grew by 8.13% or P39.38M consequent to the increase in net income.

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HAUS TALK, INC. AND ITS SUBSIDIARIES
(formerly Haus Talk Project Managers, Inc. and its Subsidiary)
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the period ended April to June and January to March 2022 (Unaudited)
(In Philippine Peso)

	Apr - Jun, 2022	Jan - Mar, 2022	Horizontal Analysis- Q2 '22 vs. Q1 '22		Vertical Analysis- Q2 '22 vs. Q1 '22	
			Amount	%	%	%
REVENUE						
Real estate sales	189,523,600	188,863,600	660,000.00	0.35%	100.00%	100.00%
Other operating income	4,109,223	3,222,438	886,784.50	27.52%	2.17%	1.71%
Total Revenue	193,632,823	192,086,038	1,546,784.50	0.81%	102.17%	101.71%
COST OF REAL ESTATE SALES						
	107,686,088	107,300,938	385,150.30	0.36%	56.82%	56.81%
GROSS PROFIT						
	85,946,734	84,785,100	1,161,634.20	1.37%	45.35%	44.89%
OPERATING EXPENSES						
Selling expenses	14,610,697	8,380,609	6,230,087.69	74.34%	7.71%	4.44%
General and administrative expenses	19,595,686	15,327,334	4,268,352.18	27.85%	10.34%	8.12%
Total Operating Expenses	34,206,383	23,707,943	10,498,439.87	44.28%	18.05%	12.55%
NET OPERATING INCOME						
	51,740,351	61,077,157	(9,336,805.68)	-15.29%	27.30%	32.34%
FINANCE COST, NET						
	357,378	2,753,338	(2,395,959.73)	-87.02%	0.19%	1.46%
INCOME BEFORE TAX						
	51,382,973	58,323,819	(6,940,845.94)	-11.90%	27.11%	30.88%
INCOME TAX EXPENSE						
	(12,002,502)	(12,491,059)	488,557.01	-3.91%	-6.33%	-6.61%
NET INCOME						
	39,380,471	45,832,760	(6,452,288.93)	-14.08%	20.78%	24.27%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan		4,253,260	(4,253,260.00)	-100.00%	0.00%	2.25%

TOTAL COMPREHENSIVE INCOME (LOSS)	39,380,471	50,086,020	(10,705,548.93)	-21.37%	20.78%	26.52%
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BASIC EARNINGS PER SHARE	0.016	0.018
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Financial Operation as of Q2 2022 vs. Q1 2022 (Unaudited)

Real estate sales grew by 0.35% or Php0.66M, representing additional charges on some units sold in the previous quarter.

Other operating income went up by 27.52% or Php0.89M from interest earned from buyers' accounts.

Cost of Sales registered an increase of 0.36% or Php0.38M relative to the adjustment in sales.

Selling expenses increased by 74.34% or Php6.23M attributed to the continuous marketing activities.

General and administrative expenses rose by 27.85% or Php4.27M as a result of the hiring of additional talents and the alignment of the salary structure of the existing personnel.

Finance cost dropped by 87.02% or Php2.40M due to loan repayments made

Income before tax dropped by 11.90% or Php6.94M due to the increase in Selling and General & Administrative expenses.

Income tax expense is lower by 3.91% or Php0.49M consequent to the drop in taxable income.

Net income declined by 14.08% or Php6.45M attributed to the increase in expenses.

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HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Interim for the three month period ending June 30, 2022 (Unaudited) and 2021 (Unaudited)

(In Philippine Peso)

3 mos. Interim

	Apr - Jun '22	Apr - Jun '21	Horizontal Analysis- Apr-Jun '22 vs. Apr-Jun '21		Vertical Analysis- Apr-Jun '22 Apr-Jun '21	
	<i>Unaudited</i>	<i>Unaudited</i>	Amount	%	%	%
REVENUE						
Real estate sales	189,523,600	23,409,472	166,114,128.00	709.60%	100.00%	100.00%
Other operating income	4,109,223	3,014,780	1,094,442.50	36.30%	2.17%	12.88%
Total Revenue	193,632,823	26,424,252	167,208,570.50	632.78%	102.17%	112.88%
COST OF REAL ESTATE SALES	107,686,088	6,641,324	101,044,764.30	1521.46%	56.82%	28.37%
GROSS PROFIT	85,946,734	19,782,928	66,163,806.20	334.45%	45.35%	84.51%
OPERATING EXPENSES						
Selling expenses	14,610,697	3,868,839	10,741,857.69	277.65%	7.71%	16.53%
General and administrative expenses	19,595,686	4,589,159	15,006,527.18	327.00%	10.34%	19.60%
Total Operating Expenses	34,206,383	8,457,998	25,748,384.87	304.43%	18.05%	36.13%
NET OPERATING INCOME	51,740,351	11,324,930	40,415,421.32	356.87%	27.30%	48.38%
FINANCE COST, NET	357,378	3,932,211	(3,574,832.73)	-90.91%	0.19%	16.80%
INCOME BEFORE TAX	51,382,973	7,392,719	43,990,254.06	595.05%	27.11%	31.58%

INCOME TAX EXPENSE	(12,002,502)	(2,072,468)	(9,930,033.51)	479.14%	-6.33%	-8.85%
NET INCOME	39,380,471	5,320,251	34,060,220.54	640.20%	20.78%	22.73%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan	-	-	-		0.00%	0.00%
TOTAL COMPREHENSIVE INCOME (LOSS)	39,380,471	5,320,251	34,060,220.54	640.20%	20.78%	22.73%
BASIC EARNINGS PER SHARE	0.016	0.003				

See Consolidated Notes to Financial Statements

Results of Operation for the three-month period April-June 2021 & 2022

Real estate sales grew by 709.60% or Php166.11M as more units were sold/taken out.

Other operating income went up by 36.30% or Php1.09M from interest earned from buyers' accounts.

Cost of Sales registered an increase of 1,521.46% or Php101.04M relative to the growth in sales.

Selling expenses increased by 277.65% or Ph10.74M attributed to the more aggressive marketing activities.

General and administrative expenses rose by 327% or Php15.01M as a result of the hiring of additional talents and the alignment of the salary structure of the existing personnel.

Finance cost dropped by 90.91% or Php3.57M due to loan repayments made.

Income before tax spiked by 595.05% or Php43.99M driven by the growth in sales.

Income tax expense grew by 479.14% or Php9.93M consequent to the higher taxable income.

Net income rose by 640.20% or Php34.06M attributed to the growth in sales.

HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended June 30, 2022 (Unaudited) and December 31, 2021 (Audited)

(In Philippine Peso)

ASSETS	Interim	Year End	Horizontal Analysis- June 2022 vs. Dec 2021		Vertical Analysis- June '22 vs. Dec '21	
	Jan - Jun '22	Dec '21	Amount	%	%	%
CURRENT ASSETS						
Cash	219,644,714	27,981,912	191,662,802.17	684.95%	5.45%	0.86%
Receivables	384,696,024	361,491,792	23,204,231.66	6.42%	9.54%	11.16%
Real estate inventories	3,296,200,779	1,908,517,969	1,387,682,810.34	72.71%	81.78%	58.92%
Prepayments and other current assets	9,510,039	1,489,522	8,020,516.73	538.46%	0.24%	0.05%
Total Current Assets	3,910,051,556	2,299,481,195	1,610,570,360.91	70.04%	97.01%	70.99%
NON-CURRENT ASSETS						
Receivables, net of current portion	87,889,614	69,229,318	18,660,295.56	26.95%	2.18%	2.14%
Advances to related parties		-	-		0.00%	0.00%
Property and equipment, net	16,335,899	864,269,620	(847,933,720.87)	-98.11%	0.41%	26.68%
Software	9,408,000		9,408,000.00		0.23%	0.00%
Other non-current asset	6,847,476	6,072,861	774,615.47	12.76%	0.17%	0.19%
Total Non-Current Assets	120,480,989	939,571,799	(819,090,809.84)	-87.18%	2.99%	29.01%
TOTAL ASSETS	4,030,532,545	3,239,052,994	791,479,551.07	24.44%	100.00%	100.00%

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Accounts and other payables	254,437,120	177,612,486	76,824,634.01	43.25%	6.31%	5.48%
Income tax payable	9,333,685	14,174,781	(4,841,096.50)	-34.15%	0.23%	0.44%
Loans and borrowings - current portion	<u>175,393,320</u>	<u>188,876,645</u>	(13,483,325.18)	-7.14%	4.35%	5.83%
			-			
Total Current Liabilities	<u>439,164,124</u>	<u>380,663,912</u>	58,500,212.34	15.37%	10.90%	11.75%

NON-CURRENT LIABILITIES

Loans and borrowings, net of current portion	176,973,572	187,028,729	(10,055,156.71)	-5.38%	4.39%	5.77%
Advances from related parties	155,000,000	216,484,295	(61,484,295.00)	-28.40%	3.85%	6.68%
Defined benefit obligation	<u>12,994,911</u>	<u>12,994,911</u>	-	0.00%	0.32%	0.40%
						0.00%
Total Non-Current Liabilities	<u>344,968,483</u>	<u>416,507,935</u>	(71,539,451.71)	-17.18%	8.56%	12.86%

EQUITY

Share capital	2,500,000,000	2,000,000,000	500,000,000.00	25.00%	62.03%	61.75%
Additional paid-in capital	219,305,559		219,305,558.64		5.44%	0.00%
Retained earnings	523,758,561	438,545,329	85,213,231.81	19.43%	12.99%	13.54%
Actuarial gain (loss) on defined benefit obligation	<u>3,335,818</u>	<u>3,335,818</u>	-	0.00%	0.08%	0.10%
Total Equity	<u>3,246,399,937</u>	<u>2,441,881,147</u>	804,518,790.45	32.95%	80.55%	75.39%

TOTAL LIABILITIES AND EQUITY

4,030,532,545	3,239,052,994	791,479,551.07	24.44%	100.00%	100.00%
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See Consolidated Notes to Financial Statements

Financial Position for the first half (H1) of 2022 (Unaudited) vis-á-vis Full Year (FY) of 2021 (Audited):

Cash increased by 684.95% or Php191.66M as a net effect of the proceeds from the IPO, payments from buyers and the acquisition of the Biñan property.

Receivables-current portion declined by 6.42% or Php23.20M due to re-classification to from non-current.

Real estate inventories increased by 72.71% or Php1.39B due to the acquisition of Biñan property and the re-classification to inventory of a subsidiary's property.

Prepayments and other current assets increased by 538.46% or Php8.02M relative to the acquisition of the Biñan property and other prepayments.

Receivables, net of current portion went up by 26.95% or Php18.66M driven by the installment sales.

Property and equipment declined by 98.11% or Php847.93M due to the re-classification of a subsidiary's property to inventory.

Software account registered a 100% increase attributed to the company's acquisition of its accounting system.

Other non-current assets posted a raise by 12.76% or Php0.77M due to refundable deposits made.

Accounts and other payables increased by 43.25% or Php76.84M due to procurement of office and construction equipment and materials.

Income tax payable registered a downward trend by 34.15% or Php4.84M since the reference period is for one full year vis-á-vis a half year's performance in the current period.

Loans and borrowings - current posted a decrease by 7.14% or Php13.48 due to repayments made.

Loans and borrowings-net of current portion posted a balance lower by 5.38% or Php10.06M due to repayments made.

Advances from related parties decreased by 28.40% or Php61.48M relative to the settlement of accounts with subsidiaries.

Share capital increased by 25% or P500M as a result of the company's initial public offering of its shares of stock in the SME board of the PSE.

The company registered Php219.30M paid-in capital reflecting the payments in excess of par value for subscriptions made on the 500M shares issued during the IPO.

Retained earnings grew by 19.43% or Php85.21M consequent to the higher net income.

HAUS TALK, INC. AND ITS SUBSIDIARIES

(formerly Haus Talk Project Managers, Inc. and its Subsidiary)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the period ending June 30, 2022 (Unaudited) and December 31, 2021 (Audited)

(In Philippine Peso)

	6 mos. Interim	Year end	Horizontal Analysis-		Vertical Analysis-	
	Jan - Jun'22	Dec. 31, '21	Jun '22 vs. Dec '21		Jun '22 vs. Dec '21	
	<i>Unaudited</i>	<i>Audited</i>	Amount	%	%	%
REVENUE						
Real estate sales	378,387,200	428,006,472	(49,619,272.00)	11.59%	100.00%	100.00%
Other operating income	<u>7,331,661</u>	<u>13,286,653</u>	(5,954,992.50)	44.82%	1.94%	3.10%
Total Revenue	385,718,861	441,293,125	(55,574,264.50)	12.59%	101.94%	103.10%
COST OF REAL ESTATE SALES						
	<u>214,987,026</u>	<u>259,236,349</u>	(44,249,322.70)	17.07%	56.82%	60.57%
GROSS PROFIT						
	<u>170,731,834</u>	<u>182,056,776</u>	(11,324,941.80)	-6.22%	45.12%	42.54%
OPERATING EXPENSES						
Selling expenses	22,991,306	14,847,975	8,143,330.69	54.84%	6.08%	3.47%
General and administrative expenses	<u>34,923,020</u>	<u>42,508,285</u>	(7,585,264.82)	17.84%	9.23%	9.93%
Total Operating Expenses	<u>57,914,326</u>	<u>57,356,260</u>	558,065.87	0.97%	15.31%	13.40%
NET OPERATING INCOME						
	112,817,508	124,700,516	(11,883,007.68)	-9.53%	29.82%	29.14%
FINANCE COST, NET						
	<u>3,110,716</u>	<u>13,078,967</u>	(9,968,250.73)	76.22%	0.82%	3.06%

INCOME BEFORE TAX	109,706,792	111,621,549	(1,914,756.94)	-1.72%	28.99%	26.08%
INCOME TAX EXPENSE	<u>(24,493,561)</u>	<u>(14,190,943)</u>	(10,302,617.99)	72.60%	-6.47%	-3.32%
NET INCOME	85,213,231	97,430,606	(12,217,374.93)	12.54%	22.52%	22.76%
OTHER COMPREHENSIVE INCOME						
Actuarial gain (loss) on retirement plan	<u>4,253,260</u>	<u>4,253,260</u>	-	0.00%	1.12%	0.99%
TOTAL COMPREHENSIVE INCOME (LOSS)	89,466,491	101,683,866	(12,217,374.93)	12.02%	23.64%	23.76%
BASIC EARNINGS PER SHARE	0.034	0.049				

*See Consolidated Notes to Financial
Statements*

Financial Operation as of June 30, 2022 (Unaudited) vs. December 31, 2021 (Audited)

Real estate sales registered a decline by 11.59% or Php49.62M covering the six-month period vis-à-vis the full year's sales in the previous year.

Other operating income is lower by 44.82% or Php5.95M relative to the period for which the income is being measured.

Cost of sales is 17.07% or Php44.25M lower compared to last year's is attributable to the shorter period (half year) covered.

Gross profit likewise declined by 6.22% or Php11.32M relative to the coverage of the periods being compared.

Selling expenses posted an increase by 54.84% or Php8.14M attributable to the strengthened marketing and selling activities made during the current period.

General and administrative expenses are 17.84% or Php7.58M lower - is justified by the difference in the duration of the periods being compared.

Net operating income is lower by 9.53% or Php11.88M attributed to the length of the periods being compared.

Finance costs incurred were lower by 76.22% or Php9.97M with reference to CTS lines availed the whole year of 2021 versus those for only six months in the current year.

Income before tax is lower by 1.72% or Php1.91M relative to the results of operation during each of the periods being compared.

Income tax expense grew by 72.60% or Php10.30M consequent to the growth in sales pertaining to non-tax-exempt projects.

Net income dropped by 12.54% or Php12.22M attributed to the growth in income tax expense.

SIGNATURES


Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized in Pasig City on AUG 16 2022.

HAUS TALK, INC.
Issuer

By:


MARIA RACHEL D. MADLAMBAYAN
President


GLORIA JUDITH D. MADLAMBAYAN
Treasurer


MARIA AGNES M. SIAPNO
Chief Finance Officer

HAUS TALK, INC. AND ITS SUBSIDIARIES
(Formerly Haus Talk Project Managers, Inc. and its Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - INTERIM
For Period ended June 30, 2022 (Unaudited), June 30 and December 31, 2021 (Audited)

NOTE 1 – GENERAL INFORMATION

HAUS TALK, INC. (the “Parent Company”) was organized under the laws of the Republic of the Philippines and registered with the Securities and Exchange Commission (SEC) per Registration no. CS200409462 on June 21, 2004 under the name of Haus Talk Project Managers, Inc., which was amended on March 15, 2017 under the name of Haus Talk, Inc. Its primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

On November 18, 2021 and December 2, 2021, the Securities and Exchange Commission (SEC) and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Company for the listing of up to 2,500,000,000 common shares of the Company, which includes the 500,000,000 common shares subject of the Company’s Initial Public Offering (IPO), under the Small, Medium and Emerging Board (SME Board) of the PSE.

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTI”. As a public company, it is covered by the Revised Securities Regulation Code (SRC) Rule 68.1.

The Parent Company’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

The Parent Company’s Eastview Homes 3 Project was registered with the Board of Investments (BOI) under Certificate of Registration 2014-056. The enterprise Income Tax Holiday from June 2014 until May 2018. The project consisted of three hundred seventy-nine (379) housing units.

The Parent Company and its subsidiary are collectively known herein as the “Group”.

Tradition Homes, Inc. (referred to as the “Subsidiary or THI”), formerly known as Tradition Homes Project Managers, Inc. before it was amended on December 11, 2017 as Tradition Homes, Inc., was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. CS200700454 on January 16, 2007. The Subsidiary’s primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government’s mass housing program.

The Subsidiary’s current registered address is at Unit 701 Orient Square Building, F. Ortigas Avenue, Ortigas Center, Pasig City.

On January 18, 2018, the Parent Company acquired 100% ownership and control of Tradition Homes, Inc. for an acquisition cost of ₱30,000,000.

THI was approved by the Board of Investments (BOI) as a New Developer of Economic and Low-Cost Housing Project for its Southview Homes – Sta. Rosa, located at Sta. Rosa, Laguna. The Income Tax Holiday (ITH) certification bearing the number of 2019-041 valid from March 6, 2019, and four (4) years thereafter provides exemption from income taxes on revenue generated from the said project.

THI's WINN residences project, a residential condominium project located at Sitio Veterans, Barangay Bagong Silangan, Quezon City, was approved as a Socialized Housing Project by the Housing and Land Regulatory Board (HLURB) and thereby granting the Company exemption from Income Tax, Capital Gains Tax and Value-Added Tax. The certification issued by the HLURB bears the reference number 15-06-038.

Lifestyle Development Corporation (referred to as the "Subsidiary or LDC") was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) per SEC Registration No. A199918322 on February 23, 2019. The Subsidiary's primary purpose is to invest in real estate, more specifically to acquire land, engage in land and housing development and participate in the government's mass housing program.

The Subsidiary's current registered address is at 1802 Jollibee Plaza Emerald Avenue, Ortigas Center, Pasig City.

On May 26, 2021, the Parent Company acquired 100% ownership and control of Lifestyle Development Corporation for an acquisition cost of ₱105,737,000.

Cash

Cash includes cash on hand and in banks which are measured at face value.

Cash funds are set aside for current purposes such as petty cash fund. Cash in banks include demand deposits which are unrestricted as to withdrawal.

As of June 30, the account consists of:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Petty cash fund	₱ 229,980	₱ 507,480
Cash in bank	<u>219,414,734</u>	<u>19,665,855</u>
Total	₱ <u>219,644,714</u>	₱ <u>20,173,335</u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Petty cash fund	₱ 229,980	₱ 507,480
Cash in banks	<u>27,751,932</u>	<u>13,074,649</u>
Total	₱ <u>27,981,912</u>	₱ <u>13,582,129</u>

Receivables

Receivables are amounts due from clients for services performed in the ordinary course of business, if collection is expected in one year or less (or in the normal operating cycle of the business longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are measured at the transaction price determined under PFRS 15 (*refer to the accounting policies for Revenue from contract with customers*). Accounts and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

As of June 30, the account consists of:

Particulars	2022	2021
Installment contracts receivables at amortized cost	₱ 448,133,620	₱ 264,454,811
Receivables at amortized cost from:		
Contractors	3,003,006	2,723,531
Officers and employees	1,996,079	2,796,490
Suppliers	158,963	1,915,302
Broker	2,604,428	2,909,043
Buyer	3,382,502	-
Others	13,307,039	19,840,242
Total	472,585,637	294,639,419
Less: Noncurrent portion of installment contract receivables	87,889,614	64,598,256
Receivables, current portion	₱ 384,696,024	₱ 230,041,163

As of December 31, the account consists of:

Particulars	2021	2020
Installment contracts receivables at amortized cost	₱ 394,854,004	₱ 245,162,395
Receivables at amortized cost from:		
Contractors	3,574,284	2,933,012
Officers and employees	1,695,132	2,934,574
Suppliers	647,297	1,846,326
Broker	2,914,438	3,101,373
Buyer	5,170,920	-
Others	21,865,035	15,412,151
Total	430,721,110	271,389,831
Less: Noncurrent portion of installment contract receivables	69,229,318	84,202,864
Receivables, current portion	₱ 361,491,792	₱ 187,186,967

Aging Schedule of Receivables

This account as of June 30, 2022 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	472,585,637	472,049,263	71,025	158,100	307,249	-
Current	384,696,024	384,159,649	71,025	158,100	307,249	-

Noncurrent	87,889,614	87,889,614	-	-	-	-
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This account as of June 30, 2021 consists of the following:

	Total	Neither past due nor impaired	1-30 days	31-60 days	61-90 days	over 90 days
Receivables	294,639,419	293,552,782	821,842	264,795	-	-
Current	230,041,163	228,954,526	821,842	264,795	-	-
Noncurrent	64,598,256	64,598,256	-	-	-	-

Installment contract receivables at amortized cost

Installment contracts receivable consist of accounts collectible in equal monthly installments with various terms up to a maximum of ten (10) years. These are carried at amortized cost. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. The installment contracts receivables are interest-bearing. Annual interest rates on installment contracts receivables range from 12.00% to 19.00%.

Receivables from contractors, suppliers, brokers and buyers

These receivables at amortized cost are non-interest bearing and collectible within one year from the reporting date.

Receivables from officers and employees

These are non-interest bearing and to be liquidated within one year from the reporting date.

Others

Receivable others pertain to advances to other projects and housing overhead, HDMF and home guaranty. These are non-interest bearing and are generally collectible within one year from the reporting date.

None of the receivables were assigned or pledged to secure any of the Company's loans.

In case of default, the Group may cancel the contract with customers and find another buyer of the real estate thus, no allowance for expected credit losses was recognized.

Real estate inventories

Real estate inventories consist of subdivision land, residential houses and lots for sale and development. These are properties acquired or being developed and constructed for sale in the ordinary course of business.

Inventories are carried at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated cost of completion, and estimated costs necessary to make sale.

Cost includes the costs incurred for acquisition cost, development and improvement of properties including borrowing costs.

When the NRV of the inventories is lower than the cost, the Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the statement of income.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

As of June 30, the account consists of:

Particulars	<u>2022</u>	<u>2021</u>
Land for sale and development	₱ 2,790,193,182	₱ 2,613,304,842
Residential units and development	498,727,971	267,981,502
Model units	<u>7,279,626</u>	<u>3,703,365</u>
Total	₱ <u><u>3,296,200,779</u></u>	₱ <u><u>2,884,989,709</u></u>

As of December 31, the account consists of:

Particulars	<u>2021</u>	<u>2020</u>
Land for sale and development	₱ 1,675,791,800	₱ 1,769,398,119
Residential units and development	224,768,588	256,549,273
Model units	<u>7,957,581</u>	<u>3,655,753</u>
Total	₱ <u><u>1,908,517,969</u></u>	₱ <u><u>2,029,603,145</u></u>

Prepayments and other current assets

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 expensed to profit or loss as they are consumed in the operations or expire with the passage of time.

Prepayments are classified in the company statements of financial position as current assets when they are expected to be expensed within one year. Otherwise, prepayments are classified as non-current.

Prepaid expenses and other current assets include input value-added tax (VAT), deferred input tax and prepaid taxes and licenses.

As of June 30, the account consists of:

Particulars	<u>2022</u>	<u>2021</u>
Input VAT	₱ 7,422,117	₱ 1,503,630
Prepaid taxes and licenses	91,964	159,188
Prepaid interest		14,465
Prepaid maintenance	1,050,000	
Prepaid insurance	24,932	
Prepaid rent	813,287	
Others	<u>107,738</u>	<u>40,768</u>
Total	₱ <u><u>9,510,039</u></u>	₱ <u><u>1,718,051</u></u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Input VAT	₱ 441,611	₱ 1,132,679
Prepaid taxes and licenses	100,887	323,477
Prepaid interest	18,665	106,669
Prepaid insurance	15,681	15,985
Others	<u>912,678</u>	<u>191,078</u>
Total	₱ <u>1,489,522</u>	₱ <u>1,769,888</u>

Input VAT is a tax imposed on purchases of goods and services. These are available for offset against output VAT in future periods.

Prepaid taxes and licenses represent prepayment for taxes as well as local business real property taxes. This also includes excess tax payments and credits over tax liabilities of the immediately preceding taxable period which may be refunded, converted to tax credit certificates, or carried over to the next taxable year.

Others consist of Maxicare health benefit premiums of employees, billboard rent, design, architectural and planning and miscellaneous supplies.

Advances to related parties

These includes transfer of resources, services or obligations to affiliates, regardless of whether a price is charged. The amount is presented as current assets if collection is expected in one year or less, otherwise, they are presented as non-current assets.

Advances to parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate (EIR) method, less provision for impairment.

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are considered related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives then significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Property and equipment

Property and equipment are carried at historical cost less accumulated depreciation and any accumulated impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

The initial cost of property and equipment comprises its 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 have been put into operation, such as repairs and maintenance, are normally charged to income in the period in which 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 an additional cost of property and equipment.

Depreciation on other assets is charged to allocate the cost of assets less their fair value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Particulars	No. of Years
Office improvement	5
Construction equipment	5
Transportation equipment	5
Furniture and fixture	5
Office equipment	3
Computer software	3
Construction tools	2

Depreciation of property and equipment begins when it becomes available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and depletion cease at the earlier of the date that the item is classified as held for sale in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the item is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated recoverable reserves, useful lives, and depreciation and depletion methods are reviewed periodically to ensure that the estimated recoverable reserves, residual values, periods and methods of depreciation and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. The residual values, if any, are reviewed and adjusted, if appropriate, at each end of reporting period. If there is an indication that there has been a significant change in depreciation and depletion rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

When properties are retired or otherwise disposed of, the cost and related accumulated depreciation and depletion and any allowance for impairment loss are eliminated from the accounts and any resulting gain or loss is credited or charged to the consolidated statements of comprehensive income.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the items) is included in the consolidated statements of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained as property and equipment until these are no longer in use.

The movements of property and equipment are as follows:

June 30, 2022

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Office improvement	₱ 3,375,885	₱ -	₱ -	₱ 3,375,885
Office equipment	2,367,256	1,217,867	-	3,585,123
Construction equipment	12,787,297	4,521,608	-	17,308,905
Transportation equipment	4,608,396	1,957,179	-	6,565,575
Furniture and fixture	223,058	0	-	223,058
Construction tools	2,831,116	51,547	-	2,882,663
Warehouse equipment	44,625	94,643	-	139,268
Total	₱ <u>26,237,633</u>	₱ <u>7,842,844</u>	₱ <u>-</u>	₱ <u>34,080,478</u>
Accumulated depreciation:				
Office improvement	₱ 2,956,619	₱ 150,805	₱ -	₱ 3,107,424
Office equipment	1,540,111	266,678	-	1,806,789
Construction equipment	4,715,374	1,296,377	-	6,011,752
Transportation equipment	3,458,503	442,760	-	3,901,263
Furniture and fixture	99,670	23,591	-	123,261
Construction tools	2,727,799	41,951	-	2,769,750
Warehouse equipment	7,437	16,902	-	24,340
Total	₱ <u>15,505,514</u>	₱ <u>2,239,064</u>	₱ <u>-</u>	₱ <u>17,744,579</u>
Net Book Value	₱ <u><u>10,732,120</u></u>			₱ <u><u>16,335,899</u></u>

June 30, 2021:

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Office improvement	₱ 3,375,885	₱ -	₱ -	₱ 3,375,885
Office equipment	2,166,969	2,081,336	-	4,248,305
Construction equipment	11,593,630	-	(223,963)	11,369,667
Transportation equipment	4,595,996	957,905	-	5,553,901
Furniture and fixture	223,058	-	-	223,058
Construction tools	2,721,964	39,379	-	2,761,343
Total	<u>24,677,502</u>	₱ <u>3,078,620</u>	₱ <u>(223,561)</u>	<u>27,532,159</u>
Accumulated depreciation:				
Office improvement	2,618,147	₱ 189,591	₱ -	2,807,738
Office equipment	1,306,710	129,058	-	1,435,768
Construction equipment	5,471,593	26,535	-	5,498,128
Transportation equipment	2,713,544	285,756	(223,963)	2,775,337
Furniture and fixture	47,716	13,159	-	60,875

Construction tools	<u>2,312,386</u>	<u>323,456</u>	<u>-</u>	<u>2,635,842</u>
Total	<u>14,470,096</u> ₱	<u>967,555</u> ₱	<u>(223,963)</u>	<u>15,213,688</u>
Net Book Value	₱ <u>10,207,406</u>			₱ <u>12,318,471</u>

December 31, 2021

Particulars	Beginning Balances	Additions/ Provisions	Disposals/ Adjustments	Ending Balances
Cost:				
Land	₱ -	₱ 853,537,499	₱ -	₱ 853,537,499
Office improvement	3,375,886	-	-	3,375,886
Office equipment	2,166,969	201,286	-	2,368,255
Construction equipment	11,593,630	4,595,667	3,402,000	12,787,297
Transportation equipment	4,595,996	12,400	-	4,608,396
Furniture and fixture	223,058	-	-	223,058
Construction tools	2,721,963	109,154	-	2,831,117
Warehouse equipment	-	44,625	-	44,625
Total	<u>24,677,502</u> ₱	<u>858,500,631</u> ₱	<u>3,402,000</u>	<u>879,776,133</u>
Accumulated depreciation:				
Office improvement	2,618,147	₱ 338,473	-	2,956,620
Office equipment	1,306,710	234,400	-	1,541,110
Construction equipment	5,471,593	2,645,780	3,402,000	4,715,373
Transportation equipment	2,713,544	744,961	-	3,458,505
Furniture and fixture	47,716	51,954	-	99,670
Construction tools	2,312,386	415,412	-	2,727,798
Warehouse equipment	-	7,437	-	7,437
Total	<u>14,470,096</u> ₱	<u>4,438,417</u> ₱	<u>3,402,000</u>	<u>15,506,513</u>
Net Book Value	₱ <u>10,207,406</u>			₱ <u>864,269,620</u>

Other non-current assets

As of June 30, the account consists of:

Particulars	2022	2021
Refundable deposits	₱ 4,602,469	₱ 4,549,657
Deferred tax assets	<u>2,245,008</u>	<u>819,338</u>
Total	₱ <u>6,847,476</u>	₱ <u>5,368,995</u>

As of December 31, the account consists of:

Particulars	2021	2020
Refundable deposits	₱ 3,827,853	₱ 5,239,373

Deferred tax assets (Note 28)	<u>2,245,008</u>	<u>819,338</u>
Total	<u>₱ 6,072,861</u>	<u>₱ 6,058,711</u>

Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recovered against future billings.

Accounts and other payables

As of June 30, the account consists of:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Trade payables	₱ 20,313,216	₱ 176,276,721
Accrued expenses	13,000,000	12,252,520
Retention payable	5,756,818	5,817,735
Customer deposits	124,885,652	26,555,490
Government liabilities	78,018,047	1,214,602
Other liabilities	<u>12,463,387</u>	<u>1,724,242</u>
Total	<u>₱ 254,437,120</u>	<u>₱ 223,841,310</u>

As of December 31, the account consists of:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Trade payables	₱ 57,990,762	₱ 72,331,318
Accrued expenses	-	9,784,000
Retention payable	5,398,577	4,848,114
Customer deposits	35,995,870	22,129,575
Government liabilities	76,670,631	1,012,167
Other liabilities	<u>1,556,646</u>	<u>1,436,868</u>
Total	<u>₱ 177,612,486</u>	<u>₱ 111,542,042</u>

Trade payables

Trade payables represents payable to suppliers for the purchase of construction materials, marketing collaterals, office supplies and property and equipment ordered and delivered but not due. These are expected to be settled within a year after the financial reporting date.

Retention payable

Retention payable pertains to contract payments is being withheld from the third party as guaranty for any claims against them. These are settled and paid once period has expired.

Customer deposits

Customer deposits consist mainly of collections from real estate customers which will be applied the contract price.

Government liabilities

Government liabilities include statutory contributions and withholding taxes and are normally settled within one year after the reporting date.

Other liabilities

Other liabilities include various non-trade dues from utilities, professional fees and other services.

Income taxes

On March 26, 2021, the Republic Act (RA) 11534, known as “The Corporate Recovery or Tax incentives for Enterprises Act” (Create Act), was passed into law. The salient provisions of the Create Act applicable to the Company are as follow:

1. Effective July 1, 2020, the corporate income tax rate is reduced from 30% to 20% for domestic corporations with net taxable income not exceeding P5,000,000 and with total assets not exceeding P100,000,000, 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 at 20%. All other domestic corporations and resident foreign corporations will be subject to 25% income tax;
2. Minimum corporate income tax (MCIT) rate reduced from 2% to 1% effective July 1, 2020, to June 30, 2023;
3. Percentage tax reduced from 3% to 1% effective July 1, 2020, to June 30, 2023; and
4. The imposition of improperly accumulated earnings is repealed.

Loans and borrowings

China Banking Corporation

The following loan agreements are entered into by the Parent Company with China Banking Corporation:

Promissory Note

On April 27, 2018, the Company obtained a 32-day Promissory Note amounting to ₱10,000,000 with an interest rate of 5.13% payable monthly, the loan is non-secured.

Straight Loan

On December 23, 2020, the Company obtained a straight loan from China Bank amounting to ₱12,500,000 with maturity due on January 31, 2022.

Contract to Sell Purchase Facility

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company’s buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers’ rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

The following loan agreements are entered into by the Subsidiary Company with China Banking Corporation:

Term Loan

On October 8, 2018, the Company obtained credit from Chinabank with the purpose of taking out the Company’s existing loan in the same bank with the principal amount of ₱8.3 Million and ₱52.0 Million, and to finance the land development of their housing projects. The loans were drawn from

a series of promissory notes amounting to ₱28,300,000, ₱20,000,000, and ₱21,700,000, respectively.

The interest is re-priceable annually in arrears based on prevailing rate with onetime option to fix the rate for the remaining term of the loan on an anniversary date. Fixed interest rate shall be based on the relevant PDST-R2 Rate on Interest Rate Selling Date plus a spread of 1.50%, exclusive of GRT. The term of the loan is three (3) years inclusive of one (1) year grace period on principal payment.

A Real Estate Mortgage for ₱55,000,000 on a 25,000 sq. parcel of land in Sta. Rosa, Laguna under Transfer Certificate of Title (TCT) No. 060-2016007926 registered in the name the Company had been agreed to as a collateral, and another as a Surety Agreement for ₱70,000,000 to be executed by the Company and Ma. Rachel D. Madlambayan, Ma. Leah D. Madlambayan, Edward D. Madlambayan, Gloria Judith D. Madlambayan, Noemi D. Madlambayan, the Board of Directors of the Company.

Contract to Sell Purchase Facility

On July 27, 2018, the Company has been granted by China Banking Corporation of a Contract to Sell Purchase Facility (CTSPF) in the amount of ₱100,000,000 for the purpose of liquefying the accounts receivable arising from the installments still payable by the Company's buyers under their respective Contracts to Sell (CTS). Whereas in consideration for the bank, the Company has assigned in favor of the Bank all the buyers' rights, interests and participation in their CTS balances in which the assignment shall be with recourse against the Company.

Sterling Bank of Asia

The following loan agreements are entered into by the Parent Company with Sterling Bank of Asia:

Term Loan

On March 14, 2020, the Company obtained a term loan from Sterling Bank amounting to ₱50,000,000 with the purpose of development its housing projects Eastview Homes Residences and Eastview Homes Hinapao, located at San Roque and Hinapao, Antipolo City, respectively, and for reimbursement of acquisition cost on the property located at Loyola Heights, Quezon City. The loan has an interest rate based on the prevailing bank rate, payable monthly in arrears and subject to annual review with a term of forty-eight (48) months inclusive of eighteen (18) months of grace period on principal payment.

A Real Estate Mortgage amounting to ₱50,000,000 was registered as a collateral for the titles: TCT Nos. 163-2018007548 and 163-2018008000 named under the Company, and TCT Nos. 163-2017002727, 163-2017002726 and 400579 also under the name of the Company.

Contract-to-Sell (CTS) Financing Line

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Eastview Residences 1 and 2, and Eastview Premiere. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan.

The following loan agreements are entered into by the Subsidiary Company with Sterling Bank of Asia:

Term Loan

On February 6, 2020, the Company obtained a term loan from Sterling Bank of Asia amounting to ₱47,600,000 for the purpose of taking-out the Company's loan from China Banking Corporation. The loan's interest rate is based on the prevailing bank rates, which is payable monthly in arrears and subject to annual review. The loan is payable in Forty-eight (48) months inclusive of twelve (12) months of grace period on principal payments.

Also on February 6, 2020, another term loan with Sterling Bank of Asia was obtained by the Company, which amounted to ₱17,400,000, obtained for the purpose of development of Southview Homes – Calendola locate at Brgy. San Vicente, San Pedro Laguna. The loan's interest is based on the prevailing bank rates, which is payable monthly in arrears and subject to annual review. The loan is payable in Forty-eight (48) months inclusive of twelve (12) months of grace period on principal payments.

A Real Estate Mortgage for the amount of ₱65,000,000 was registered for the term loans from Sterling Bank with the following titles; TCT No. 060-2017013231 and TCT No. 060-2017013230 which are located at Brgy. San Vicente, San Pedro City, Laguna.

Contract-to-Sell Financing Line

On March 12, 2019, the Company availed of the Contract-to-Sell Financing Line by Sterling Bank of Asia with one (1) year availability with renewability, for the financing sale of house and lots from the housing projects of Southview Homes – Sta. Rosa and WINN Residences. Each sale of house and lots financed by Sterling Bank is secured with the Deed of Assignment of the Contract to Sell (CTS) which will cover the outstanding balance or the principal amount in the CTS, whichever is lower. Repayment shall be made in equal monthly amortization (principal and interest) payable in arrears to start one (1) month from the release date of loan.

Bank of the Philippine Islands

Loan Facility

In December 2019, the Parent Company obtained a loan facility with BPI amounting to ₱60,000,000 to refinance their existing outstanding loan with the same bank. The loan is imposed with an interest rate based on the prevailing bank rate, payable monthly and subject to annual review, at which the maturity date is December 22, 2022.

A Real Estate Mortgage for the loan was registered with the following titles:

<u>Location</u>	<u>Area (in sqm.)</u>	<u>TCT/CCT No.</u>	<u>Registered Owner</u>
	250.00	004-2019008548	Maria Rachel D. Madlambayan
	250.00	004-2019008549	Terrence Restituto D. Madlambayan
#44 Jocson St.,	250.00	004-2019008550	Joselito D. Madlambayan
Varsity Hills,	250.00	004-2019008551	Ma. Leah D. Madlambayan
Loyola	250.00	004-2019008552	Noemi D. Madlambayan
Heights,	250.00	004-2019008553	Luis Pio D. Madlambayan
Quezon City	250.00	004-2019008554	Rufino Albert D. Madlambayan
	250.00	004-2019008555	Edward D. Madlambayan
	20.80	004-2019008556	Ma. Leah D. Madlambayan

Revolving Promissory Note

On May 31, 2017, the Subsidiary Company obtained a Revolving Promissory Note Line from BPI Family Savings Bank amounting to a line limit of ₱20,000,000 with an expiration on November 30,

2018. The line's interest is payable monthly in arrears, meanwhile the principal at maturity which does not exceed 360 days. The loan line is secured through continuing Suretyship of Allied Community Builders & Development, Inc., Edward D. Madlambayan and Ma. Rachel D. Madlambayan.

There were no breaches of loan agreement terms such as any defaults of principal and interest of these loan borrowings during the period.

Defined benefit obligation

The Group does not maintain retirement fund but accrues and recognizes its actuarial estimate to conform with the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) which is of the final salary defined type and provides a retirement benefit equal to 22.5 days pay per every year of credited service. The regulatory benefit is paid in a lump sum upon retirement. In accordance with the provisions of the Labor Code, the Group is required to pay eligible employees at least the minimum regulatory benefit upon retirement, subject to age and service requirements.

Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries, are considered related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives then significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant transactions with related parties as of June 30, 2022 are as follows:

<u>Related Party</u>	<u>Transactions</u>	<u>Outstanding Balance</u>	<u>Nature</u>	<u>Terms and Conditions</u>
Advances from related party				
Stockholders			Advances for working capital purposes; Deposits for future stock subscription	Long-term, unsecured, no impairment, no guarantee, noninterest-bearing, repayable in cash
	<u>-61,484,295</u>	<u>155,000,000</u>		
	₱ <u>-61,484,295</u>	₱ <u>155,000,000</u>		

December 31, 2021

<u>Related Party</u>	<u>Transactions</u>	<u>Outstanding Balance</u>	<u>Nature</u>	<u>Terms and Conditions</u>
Advances from related party				
Stockholders	<u>51,984,295</u>	<u>216,484,295</u>	Advances for working capital	Long-term, unsecured, no

_____	_____	purposes; Deposits for future stock subscription	impairment, no guarantee, noninterest-bearing, repayable in cash
₱ 51,984,295	₱ 216,484,295		

Receivable from and payable to affiliates and stockholders

Receivable from and payable to affiliates represent trade receivables and payables in ordinary course of business. These are unsecured, non-interest bearing, cash settlement and are payable upon mutual agreement of both parties.

Share Capital

Share capital is measured at par value for all shares issued. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Dividends on share capital, if any, are recognized as a liability and deducted from equity when declared and approved by BOD of the Group. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

As of June 30, the account consists of:

Particulars	Shares		Amount in Php	
	2022	2021	2022	2021
Authorized Shares:				
Beginning:				
80,000,000 common shares at ₱1.00 par value	₱ -	₱ -	₱ -	₱ -
2,500,000,000 common shares at ₱1.00 par value	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Addition:				
2,420,000,000 common shares at P1.00 par value	-	-	-	-
	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,500,000,000</u>
Subscribed Capital - Common Share:				
Beginning:				
43,200,000 shares at ₱1.00 par value	-	-	-	-
2,500,000,000 shares at ₱1.00 par value	₱ 2,500,000,000	₱ 2,000,000,000	₱ 2,500,000,000	₱ 2,000,000,000
Additional subscription:				
1,956,800,000 shares at ₱1.00 par value	-	-	-	-
Total	<u>₱ 2,500,000,000</u>	<u>₱ 2,000,000,000</u>	<u>₱ 2,500,000,000</u>	<u>₱ 2,000,000,000</u>

In 2018, the Company recognized the subscription of ₱1,956,800,000 in the increase in capital stock approved by the Securities and Exchange Commission (SEC) dated June 7, 2017, via conversion of advances to equity.

During the joint meeting of the Board Directors and stockholders on March 15, 2017, the Board approved the increase in the authorized capital stock of the Corporation from 80,000,000 shares with par value of ₱1 per share, to 2,500,000,000 shares at a par value of ₱1 per share. The main purpose of the increase of the Corporation's authorized capital stock is to augment operating requirements.

Retained earnings

Retained earnings represent the cumulative balance of periodic net income and losses of the Group, net of dividends declared.

Retained earnings represents the cumulative balance of periodic net income or loss, prior period adjustments, effect of changes in accounting policies in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and other capital adjustments, net of any dividend declaration.

When retained earnings account has a debit balance, it is called "deficit", and presented as a deduction from equity.

Revenue recognition

Revenue from contract with customers

Revenue from contract with customers is recognized at a point in time when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services. The Group applies this standard with its revenue arrangements on the sale of land and residential house units with modified home improvements

To determine whether to recognize revenue, the Group follows a five-step process:

1. identifying the contract with a customer;
2. identifying the performance obligation;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and,
5. recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following gating criteria must be present:

- the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
- each party's rights regarding the goods or services to be transferred or performed can be identified;
- the payment terms for the goods or services to be transferred or performed can be identified;
- the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract; and,
- collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- the Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

The transaction price allocated to the performance obligations satisfied at a point in time is recognized as revenue when control of goods or services transfers to the customer. As a matter of accounting policy when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contract with customers are disclosed in Note 4.

Real estate sales

The Group recognizes sales to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include sale of subdivision land and residential units.

Forfeitures and cancellation of real estate contracts

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed non-refundable due to prescription of the period for entering into a contracted sale.

Other income

Other income is recognized in the statements of comprehensive income as they are earned.

Interest income

Interest income is recognized using effective interest accrues using effective interest method.

Contract balances

Receivable from customers

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

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

Cost to obtain contract

The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them.

Costs and expenses recognition

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Costs and expenses are recognized in profit or loss in the consolidated statements of comprehensive income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when expenditures produce no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Real estate sales

For the month ended June 30, the account consists of the following:

<u>Particulars</u>	<u>2022</u>	<u>2021</u>
Residential house and lot	₱ 378,387,200.00	₱ 81,609,472.00
Total	₱ <u>378,387,200.00</u>	₱ <u>81,609,472.00</u>

For the years ended December 31, the account consists of the following:

<u>Particulars</u>	<u>2021</u>	<u>2020</u>
Residential house and lot	₱ 343,090,472	₱ 212,519,600
Residential lot	<u>84,916,000</u>	<u>72,205,400</u>
Total	₱ <u>428,006,472</u>	₱ <u>284,725,000</u>

Other operating income

For the month ended June 30, the account consists of the following:

Particulars	<u>2022</u>	<u>2021</u>
Interest income – in house financing	₱ 6,306,193	₱ 6,664,144
Interest income - bank deposits	1,387	
Forfeiture income	984,081	42,350
Miscellaneous income	<u>40,000</u>	<u>455,965</u>
Total	₱ <u>7,331,661</u>	₱ <u>7,162,459</u>

For the years ended December 31, the account consists of the following:

Particulars	<u>2021</u>	<u>2020</u>
Interest income – in house financing	₱ 11,305,673	₱ 5,202,816
Forfeiture income	1,094,692	26,865
Miscellaneous income	<u>886,288</u>	<u>352,982</u>
Total	₱ <u>13,286,653</u>	₱ <u>5,582,663</u>

Miscellaneous income consists of penalty charges and other fees billed to buyers.

Cost of Real Estate Sales

The Group recognizes costs related to the contracts with customer when the performance obligation has been fulfilled and the related contract revenue has been recognized as earned. These include cost of land, land development costs, building cost, professional fees, depreciation, permits and licenses, and capitalized borrowing costs.

For the month ended June 30, the account consists of the following:

Particulars	<u>2022</u>	<u>2021</u>
Land cost development	₱ 58,399,820	₱ 34,277,206
Construction cost	103,622,000	18,307,890
Cost of Service	37,556,562	
Other cost	<u>15,408,644</u>	<u>64,139</u>
Total	₱ <u>214,987,026</u>	₱ <u>52,649,235</u>

For the years ended December 31, the account consists of the following:

Particulars	2021	2020
Land cost development	₱ 68,810,368	₱ 63,949,547
Construction cost	173,565,108	112,286,513
Other cost	16,860,873	8,477,815
Total	₱ 259,236,349	₱ 184,713,875

Other cost includes various expenses related to the construction cost and land development.

Selling, administrative, and other operating expenses

Selling expenses are costs incurred to sell or distribute inventories. Administrative expenses normally include costs of administering the business as incurred by administrative departments. Other operating expenses are costs incurred other than for selling or administrative purposes.

For the month ended June 30, the account consists of the following:

Particulars	2022	2021
Advertising and promotion	₱ 22,991,306	₱ 3,914,291

For the years ended December 31, the account consists of the following:

Particulars	2021	2020
Advertising and promotion	₱ 1,002,898	₱ 1,689,588
Commissions	13,845,077	8,541,750
Processing, registration and certification	-	-
Total	₱ 14,847,975	₱ 10,231,338

General and administrative expenses

For the month ended June 30, the account consists of the following:

Particulars	2022	2021
Salaries, wages and allowances	₱ 16,658,361	₱ 4,231,498
Professional fees	1,969,854	
Depreciation	1,600,972	967,555
Taxes and licenses	3,169,725	1,862,478
Utilities	774,964	829,527
Retirement expense	1,464,426	
Dues, subscriptions and donations	709,983	488,466
Transportation and travel	424,697	
Rent expense	602,012	84,639
Registration, listing & other fees	1,565,861	
Representation and entertainment	1,163,304	
Stationery and office supplies	222,051	2,022

Insurance expense		1,140,601	
Interest expense		919,962	
Repairs and maintenance		339,004	459,591
Miscellaneous expenses		2,197,242	
Total	₱	<u>34,923,020</u>	₱ <u>8,925,776</u>

For the years ended December 31, the account consists of the following:

<u>Particulars</u>		<u>2021</u>		<u>2020</u>
Salaries, wages and allowances	₱	19,381,770	₱	14,744,073
Professional fees		4,950,390		1,371,577
Depreciation (Note 14)		4,438,417		5,229,749
Taxes and licenses		2,887,039		1,564,424
Utilities		2,647,977		2,738,196
Retirement expense (Note 18)		1,940,048		1,319,377
Dues, subscriptions and donations		932,976		641,124
Transportation and travel		921,557		575,987
Rent expense		847,715		213,250
Listing fee		815,000		-
Representation and entertainment		390,504		478,992
Stationery and office supplies		334,815		239,021
Insurance expense		323,507		481,167
Repairs and maintenance		126,601		390,454
Miscellaneous expenses		<u>1,569,969</u>		<u>920,716</u>
Total	₱	<u>42,508,285</u>	₱	<u>30,908,107</u>

Miscellaneous expenses consist of administrative expenses, notarization fees and bank charges.

Contingencies

The Group is a not party to any legal proceedings. There are no taxes, assessment and charges of whatsoever nature levied upon or against the Group, or against its properties, revenues, and assets.

Other matters

On January 17, 2022, the Company completed its IPO and was listed in the PSE under the stock symbol “HTP”.