COVER SHEET

SEC Registration Number

2 6 9 8 6

Company Name

D.M. WENCESLAO & ASSOCIATES, INCORPORATED

Principal Office (No./Street/Barangay/City/Town/Province)

15F ASEANA 3 D.MACAPAGAL BLVD. COR.ASEAN AVE., ASEANA CITY, PARANAQUE CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
info@dmwai.com	8854 - 5711	0917-578-0854

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
26		June 30

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
ATTY. HEHERSON M. ASIDDAO	info@dmwai.com	8854 - 5711	0917-578-0854

Contact Person's Address

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

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

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, 2021**

2. Commission identification number **26986**

3. BIR Tax Identification No **000-846-618-000**

4. Exact name of issuer as specified in its charter **D.M. Wenceslao & Associates, Incorporated**

5. Province, country or other jurisdiction of incorporation or organization **Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office and postal Code
   15th Floor, Aseana 3, D. Macapagal Blvd. corner Asean Ave., Aseana City, Paranaque City

8. Issuer's telephone number, including area code: **(632) 8854-5711**

9. Former name, former address and former fiscal year, if changed since last report: **Not applicable**

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

As of June 30, 2021

Title of each class	Number of shares issued and outstanding and amount of debt outstanding
Capital Stock, P1 par value	3,395,864,100

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

Yes [x] No [ ]

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

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **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 [x] No [ ]

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

Yes [x] No [ ]

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES

(A Subsidiary of Wendel Holdings Co., Inc.)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND DECEMBER 31, 2020

(Amounts in Philippine Pesos)

	Notes		June 30 2021 (UNAUDITED)		December 31, 2020 (AUDITED)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	7	**P**	**5,527,802,574**	P	4,429,489,615
Receivables - net	8		**2,753,720,250**		2,673,656,536
Contract asset			**66,320,617**		92,002,207
Land and land development costs	10		**2,262,091,670**		2,112,536,724
Property development costs	9		**1,157,784,397**		1,068,576,685
Other current assets	11		**1,423,586,910**		1,873,156,315
Total Current Assets			**13,191,306,418**		12,249,418,082
NON-CURRENT ASSETS					
Receivables	8		**3,815,048,631**		3,573,191,833
Investments in associates and joint ventures	12		**99,793,138**		87,884,681
Property and equipment - net	13		**342,593,812**		370,166,803
Investment properties - net	14		**15,958,281,847**		15,539,479,768
Deferred tax assets			**156,404,526**		192,274,139
Other non-current assets	16		**762,652,218**		844,606,196
Total Non-current Assets			**21,134,774,172**		20,607,603,420
TOTAL ASSETS		**P**	**34,326,080,590**	P	32,857,021,502

	Notes	June 30 2021 (UNAUDITED)	December 31, 2020 (AUDITED)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	17	P 2,594,820,000	P 1,114,670,000
Trade and other payables	18	1,264,890,335	1,732,954,569
Contract liability		507,263,552	486,576,915
Advances from related parties	23	4,035,844,544	4,033,118,154
Deposits and advances	19	862,545,526	921,641,564
Lease Liability	15	16,353,538	11,282,400
Income Tax Payable		44,150,044	56,357,206
Total Current Liabilities		9,325,867,539	8,356,600,808
NON-CURRENT LIABILITIES			
Loans and borrowings	17	244,880,000	282,350,000
Contract Liability		204,234,787	204,234,787
Deposits and advances	19	427,974,099	473,332,036
Deferred tax liabilities		917,900,628	1,056,709,662
Lease Liability	15	175,843,503	154,244,514
Retirement benefit obligation		44,161,713	45,264,808
Total Non-current Liabilities		2,014,994,730	2,216,135,807
Total Liabilities		11,340,862,269	10,572,736,615
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	26	3,395,864,100	3,395,864,100
Additional paid-in capital		6,964,649,807	6,964,649,807
Revaluation reserves - net		(61,251,333)	(61,251,333)
Other Reserves		(275,974,845)	(275,974,845)
Retained earnings		12,373,888,799	11,681,066,379
Total equity attributable to holders of the parent company		22,397,176,528	21,704,354,108
Noncontrolling interest		588,041,793	579,930,779
Total Equity		22,985,218,321	22,284,284,887
TOTAL LIABILITIES AND EQUITY		P 34,326,080,590	P 32,857,021,502

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	April 1 to June 30, 2021	January 1 to June 30, 2021	April 1 to June 30, 2020	January 1 to June 30, 2020
REVENUES					
Rentals:					
Land	14	P 236,131,419	P 493,423,860	P 239,411,137	P 495,820,595
Building	14	196,740,138	389,076,298	201,118,241	409,877,477
Other revenues		44,356,979	91,499,141	37,008,108	84,520,714
		477,228,536	973,999,299	477,537,486	990,218,786
Sale of condominium units	9	73,161,468	266,722,512	48,398,507	546,455,576
Construction contracts		-	2,203,181	-	15,643,101
		550,390,004	1,242,924,992	525,935,993	1,552,317,463
COSTS OF SERVICES AND SALES					
Rentals	20	59,632,687	134,182,637	53,679,249	117,075,815
Sale of condominium units	9	20,797,193	107,577,754	26,334,821	325,687,807
Construction contracts	20	-	2,073,730	-	7,996,463
		80,429,880	243,834,121	80,014,070	450,760,085
GROSS PROFIT		469,960,124	999,090,871	445,921,923	1,101,557,378
OTHER OPERATING INCOME (EXPENSES)					
General and administrative	22	(99,881,107)	(209,973,244)	(90,260,810)	(219,783,667)
Selling	22	(8,986,436)	(11,127,951)	(5,864,382)	(19,664,109)
Other Operating Income	21	12,016,355	59,331,760	9,853,235	85,507,346
		(96,851,188)	(161,769,435)	(86,271,957)	(153,940,430)
OPERATING PROFIT		373,108,936	837,321,436	359,649,966	947,616,948
OTHER INCOME (CHARGES)					
Finance costs	17, 21	(1,823,160)	(14,979,780)	(9,562,651)	(19,891,745)
Finance income	7, 21	3,854,106	8,410,624	17,789,259	43,256,472
Share in net income of associates and joint ventures		6,470,352	11,908,457	13,822,912	21,574,209
Dividend Income		735,002	1,470,004	735,002	1,470,004
		9,236,300	6,809,305	22,784,522	46,408,940
PROFIT BEFORE TAX		382,345,236	844,130,741	382,434,488	994,025,888
TAX EXPENSE (CREDIT)		74,968,771	(16,802,226)	106,861,700	253,706,815
NET PROFIT		P 307,376,465	P 860,932,967	P 275,572,788	P 740,319,073
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		P 307,376,465	P 860,932,967	P 275,572,788	740,319,073
Net profit attributable to:					
Equity holders of the parent company		P 300,796,403	P 852,821,953	P 271,794,818	P 720,949,407
Noncontrolling interest		6,580,062	8,111,014	3,777,970	19,369,666
		P 307,376,465	P 860,932,967	P 275,572,788	P 740,319,073
Earnings Per Share - Basic and Diluted	25	P 0.09	P 0.25	P 0.08	P 0.21

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Note	Capital Stock	Additional Paid-in Capital	Revaluation Reserves - Net	Other Reserves	Unappropriated	Appropriated	Total	Noncontrolling Interest	Total Equity
Balance at January 1, 2021		P 3,395,864,100	P 6,964,649,807	(P 61,251,333)	(P 275,974,845)	P 10,481,066,379	P 1,200,000,000	P 21,704,354,108	P 579,930,779	P 22,284,284,887
Cash dividends declared	24	-	-	-	-	(159,999,533)	-	(159,999,533)	-	(159,999,533)
Total comprehensive income for the period		-	-	-	-	852,821,953	-	852,821,953	8,111,014	860,932,967
Balance at June 30, 2021	26	**P 3,395,864,100**	**P 6,964,649,807**	**(P 61,251,333)**	**(P 275,974,845)**	**P 11,173,888,799**	**P 1,200,000,000**	**P 22,397,176,528**	**P 588,041,793**	**P 22,985,218,321**
Balance at January 1, 2020		3,395,864,100	6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 8,710,340,671	1,200,000,000	P 19,986,736,113	P 546,446,881	P 20,533,182,994
Total comprehensive income for the period		-	-	-	-	720,949,407	-	720,949,407	19,369,666	740,319,073
Balance at June 30, 2020	26	P 3,395,864,100	P 6,964,649,807	(P 8,143,620)	(P 275,974,845)	P 9,431,290,078	P 1,200,000,000	P 20,707,685,520	P 565,816,547	P 21,273,502,067

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2021 AND 2020
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 844,130,741	P 994,025,888
Adjustments for:			
Depreciation and amortization	13,14	91,850,387	97,720,557
Finance costs	21	14,931,416	17,949,378
Interest income	21	(8,170,294)	(43,256,472)
Share in net losses (earnings) of associates and joint ventures		(11,908,457)	(21,574,208)
Unrealized foreign currency loss (gain) - net		240,330	(462,631)
Operating profit before working capital changes		931,074,123	1,044,402,512
Increase in receivables		(274,270,512)	(246,757,254)
Decrease (increase) in contract asset		25,681,590	(151,489,492)
Increase in land and land development costs		(149,554,946)	(23,273,588)
Decrease (increase) in property development costs		(89,207,712)	188,440,650
Decrease in other assets		240,523,383	1,642,690,979
Decrease in trade and other payables		(524,421,439)	(208,738,327)
Increase in contract liability		20,686,637	115,520,381
Decrease in deposits and advances		(104,453,975)	(139,145,573)
Decrease in retirement benefit obligation		(1,103,095)	-
Cash generated from operations		74,954,054	2,221,650,288
Cash paid for income taxes		(41,987,152)	(82,684,676)
Interest received		8,170,294	43,256,472
Net Cash From Operating Activities		41,137,196	2,182,222,084
CASH FLOWS FROM INVESTING ACTIVITIES			
Maturities in short-term placements	11	291,000,000	-
Construction in progress and development costs of investment properties	10, 14	(443,685,081)	(900,353,895)
Additional advances to related parties	23	(47,650,000)	(19,051,493)
Acquisitions of property and equipment	13	(4,325,352)	(10,365,846)
Net Cash Used in Investing Activities		(204,660,433)	(929,771,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	24	(159,999,533)	(159,999,533)
Availment (repayments) of interest-bearing loans and borrowings	17	1,442,680,000	(57,350,000)
Repayments of lease liabilities	15	(14,644,736)	(5,641,200)
Finance costs paid	21	(8,685,595)	(13,159,798)
Obtained advances from related parties	23	2,726,390	3,643,767
Net Cash From (Used in) Financing Activities		1,262,076,526	(232,506,764)
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents	21	(240,330)	462,631
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,098,312,959	1,020,406,717
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		4,429,489,615	5,211,402,211
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 5,527,802,574	P 6,231,808,928

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(UNAUDITED)
(With Comparative Audited Figures as of December 31, 2020)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

D.M. Wenceslao & Associates, Incorporated (DMWAI or the Parent Company) was incorporated in the Philippines on April 7, 1965. DMWAI is presently engaged in the trade and business of general builders and contractors and related activities such as acting as specialty construction contractors, supervisors or managers in all cases of constructions, erections and works both public and private, real estate business and leasing.

On June 29, 2018, the Parent Company's shares of stock were listed at the Philippine Stock Exchange (PSE) (see Note 25).

DMWAI holds certain investments in entities that are either subsidiaries, associates or joint ventures and all are incorporated in the Philippines (see Notes 1.2 and 12).

DMWAI is a subsidiary of Wendel Holdings Co., Inc. (WHI or Ultimate Parent Company), a company incorporated and domiciled in the Philippines. WHI is presently engaged in raising investments either through borrowings, sale or lease of its capital assets. The effective percentage of ownership of WHI in DMWAI aggregates to 62.92% as of June 30, 2021 and December 31, 2020.

On April 24, 2020, the Parent Company's Board of Directors (BOD) approved the change of DMWAI's registered office address from 3rd Floor Aseana Powerstation Building, Pres. Macapagal Avenue, Aseana Business Park, Parañaque City to 15th Floor, Aseana 3, D. Macapagal Blvd. corner Asean Ave., Aseana City, Parañaque City. The change in registered office address was approved by the Securities and Exchange Commission (SEC) on January 4, 2021 but remains pending with the Bureau of Internal Revenue (BIR) as of the date of the issuance of the Parent Company's financial statements. DMWAI's principal place of business is located at 15th and 16th Floor, Aseana 3 Bldg., D. Macapagal Blvd. cor. Bradco Avenue, Aseana City, Parañaque City. The registered office of WHI, which is also its principal place of business, is at 306 E. Rodriguez Sr. Boulevard, Quezon City.

1.2 Subsidiaries, Associates and Joint Ventures

The Parent Company holds effective ownership interests in certain subsidiaries (together with the Parent Company, collectively hereinafter referred to as the "Group"), associates, and joint ventures, that are currently operating or are established to engage in businesses related to the main business of the Parent Company, in these consolidated financial statements.

As of June 30, 2021 and December 31, 2020, the following summarizes the effective percentage of ownership or interest of DMWAI over these entities:

		Effective Percentage of Ownership/Interest	
Name of Subsidiaries/Associates/Joint Ventures	Explanatory Notes	**June 30 2021**	December 31, 2020
Subsidiaries:			
Direct:			
Aseana Residential Holdings Corp. (ARHC)	(a)	**100.00%**	100.00%
Aseana Holdings, Inc. (AHI)	(b)	**99.98%**	99.98%
Fabricom, Inc. (FI)	(c)	**99.98%**	99.98%
Fabricom Realty Development Corporation (FRDC)	(d)	**62.20%**	62.20%
R-1 Consortium, Inc. (R-1)	(e)	**55.45%**	55.45%
Alphaland Bay City Corporation (ABCC)	(f)	**100.00%**	100.00%
Direct and Indirect:			
Portal Holdings, Inc. (PHI)	(g)	**100.00%**	100.00%
Mandaue Land Consortium, Inc. (MLCI)	(h)	**81.00%**	81.00%
Aseana I.T. Plaza, Inc. (AITPI)	(i)	**66.97%**	66.97%
SHLP BBP Realty, Inc. (SBRI)	(j)	**55.96%**	55.96%
Indirect:			
58 Jupiter Inc. (formerly Reine, Inc.) (58 Jupiter) – *Accounted for as Asset Acquisition*	(k)	**100.00%**	100.00%
L&B Development Corporation (LBDC) – *Accounted for as Asset Acquisition*	(l)	**100.00%**	100.00%
Aseana Resi Rent Corp. (ARRC)	(m)	**100.00%**	100.00%
Boracay International Airport & Dev't Corp. (BIADC)	(n)	**99.98%**	99.98%
U-City Technologies Philippines, Inc. (UCTPI)	(o)	**99.98%**	99.98%
Aseana City Transport & Travel Corp. (ACTTC)	(p)	**99.98%**	99.98%
Aseana Gas Energy Corp. (AGEC)	(q)	**99.98%**	99.98%
Aseana Real Esate Services Management Corp. (ARESM)	(r)	**95.98%**	95.98%
Bay Area Holdings, Inc. (BAHI)	(s)	**59.98%**	59.98%
Associates:			
Alphaland Heavy Equipment, Corp. (AHEC)	(t)	**50.00%**	50.00%
European Resources and Technology, Inc. (ERTI)	(u)	**42.00%**	42.00%
Aseana CL, Beach and Marina Development Corporation (ACBMDC)	(v)	**36.00%**	36.00%
Joint venture –			
Bay Resources and Development Corporation (BRADCO)	(w)	**50.00%**	50.00%

Notes:

(a) Established to purchase, acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of, subject to limitations imposed by law, real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(b) Established to engage in the business of owning, holding, exchanging, or otherwise disposing such items as real and personal properties, and securities such as stocks, bonds and to take part and assist in any legal matter for the purchase and sale of any securities as may be allowed by law without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities.

(c) Established to engage in the business of importation and marketing of heavy equipment, industrial equipment or any commercial products, which may be the object of commerce for the attainment of corporate objectives.

(d) Established to engage in housing and real estate development and selling and engaging in other related activities.

(e) Established to engage in general construction and other allied businesses including constructing, enlarging, repairing, removing, developing, or otherwise engaging in any work upon building roads, highways, manufacturing plants, bridges, airfields, piers, docks, mines, masonry and earth construction, and to make, execute, bid for and take or receive any contracts or assignment of contracts in relation thereto.

(f) ABCC was established to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. ABCC became a subsidiary of DMWAI starting in 2019.

(g) DMWAI's effective interest is derived from its 40.00% direct ownership and 60.00% indirect holdings through ARHC. PHI was established to purchase, subscribe for, or otherwise acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(h) DMWAI's effective interest is derived from its 40.00% direct ownership and 41.00% indirect holdings through AHI and R-1 which own 30.00% and 20.00%, respectively. MLCI was established to engage in general realty and other allied businesses including owning, improving, subdividing, developing, reclaiming, enlarging, repairing, constructing, exchanging, leasing and holding investment or otherwise, real estate and lands of all kinds and any buildings, houses and other structures.

(i) DMWAI's effective ownership interest is derived from its 41.98% direct ownership and 24.99% indirect holdings through PHI. AITPI was established to engage in the business of owning, using, improving, developing, selling, exchanging, leasing, and holding for investment or otherwise, real estate of all kinds, including building houses, apartments and other structures, and related activities.

(j) DMWAI's effective ownership is derived from its 29.98% direct ownership and 25.98% indirect holdings through AHI, BAHI and PHI which each owns 9.99% of SBRI. SBRI was established to engage in real estate development and engaging in other related activities.

(k) 58 Jupiter was acquired in 2017 and indirectly owned through AHI; established to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

(l) LBDC was acquired in 2020 and indirectly owned through ARHC; established to engage in real estate business; to acquire by purchase, lease, donation or otherwise, use improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold investment or otherwise, real estate of all kinds, whether improved, managed, or otherwise deal in or dispose of buildings, houses, apartments, townhouses, condominiums, and other structures of whatever kind together with the appurtenances or improvements found thereon.

(m) Indirectly owned through AHI; established to engage in realty business, provided that it shall not solicit, accept or take investments or placements from the public, neither shall it issue investment contracts.

(n) Indirectly owned through AHI; established to build an international airport in Boracay, Municipality of Malay and/ or Carabao Island, San Jose, Romblon, Philippines.

(o) Indirectly owned through AHI; established to install and provide electronic security apparatus and products to industrial, commercial and other establishments whether public or private for the purpose of securing or protecting properties and other related services. In 2016, AHI acquired through cash consideration the entire 40.00% minority interest of the other stockholder resulting in 100.00% direct ownership by AHI in UCTPI.

(p) Indirectly owned through AHI; established to engage in the business of transportation of passengers by means of public utility vehicles for the general public and to lease out or rent its public utility vehicles for special trips.

(q) Indirectly owned through AHI; established to engage in, conduct and carry on the business of buying, selling, distributing, marketing of liquefied petroleum gas and other fuel products at wholesale or retail and to construct a reticulation network in strategically located tank to enable safe and sufficient distribution of piped gas to end users in Aseana Business Park.

(r) Indirectly owned through AHI; established to acquire and manage properties such as commercial, residential, office condominium and industrial real estate.

(s) Indirectly owned through FI; established to purchase, acquire, or otherwise own and hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, real and personal property, including land, buildings, condominiums and engaging in other related activities.

(t) Indirectly owned through FI; established to purchase, import, or otherwise acquire, lease, sell, distribute, market, convey or otherwise dispose heavy equipment, machinery and related implements. As of June 30, 2021, AHEC is currently in the process of liquidation.
(u) Established to engage in collecting, segregating, recycling, composting, filling, disposing, treating or otherwise managing household, industrial and other kinds of garbage for local, or other government units and private persons and firms as well as extended guidance and education for proper waste management.
(v) DMWAI's effective interest is derived from its 10.00% direct ownership and 26.00% indirect holdings through AHI. ACBMDC was established to engage in real estate business with marinas, cruise liner facilities and beach resorts in all its aspects; to acquire, rent or otherwise deal in and dispose of all kinds or real estate objects, involving commercial, industrial, urban, residential or other kinds of real property.
(w) BRADCO was established to acquire, develop and market real estate properties.

As of June 30, 2021, FRDC, R-1, MLCI, AITPI, SBRI, BIADC, AGEC, ACBMDC, ARRC, AGFHC and ABCC have not yet started commercial operations.

1.3 Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements of the Group as of and for the six months ended June 30, 2021 (including the comparatives as of December 31, 2020 and for the six months ended June 30, 2020) were approved and authorized for issue by the Parent Company's Chief Executive Officer (CEO) on August 12, 2021.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2.1 Basis of Preparation of Interim Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as of and for the year ended December 31, 2020, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

This condensed consolidated interim financial statements are presented in Philippine pesos, the Group's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

2.2 Adoption of New and Amended PFRS

The Group's accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2020 and the corresponding interim reporting period, except for the following amendments which the Company has adopted starting January 1, 2020. These new PFRSs and amendments did not have significant impact on the Group's condensed consolidated interim financial statements.

(i) *Revised Conceptual Framework for Financial Reporting*. The revised conceptual framework will be used in standard-setting decisions with immediate effect.

Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Group's condensed consolidated interim financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements,* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material* (effective from January 1, 2020). The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Group's condensed consolidated interim financial statements.

(iii) PFRS 3 (Amendments), *Business Combinations – Definition of a Business.* The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. Also, the amendments will likely result in more acquisitions being accounted for as asset acquisitions. The application of these amendments had no significant impact on the Group's condensed consolidated interim financial statements.

(iv) PFRS 7 (Amendments), *Financial Instruments: Disclosures,* and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform.* The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Group's condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The Group's consolidated interim financial statements prepared in accordance with PFRS require management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2020.

4. SEGMENT REPORTING

4.1 Business Segments

The Group's operating businesses are recognized and managed separately according to the nature of services provided (primary segments) and the different markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

(a) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

(b) *Sale of Land and Condominium Units* – involve the development and sale of industrial and other parcels of land and residential condominium units.

(c) *Rentals* – refers to leasing of real estate properties, including land and building and other structures.

The Group has not identified any segment based on geographical location (see Note 4.4).

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, contract asset, land and land development cost, property development costs, property and equipment, and investment properties. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of loans and borrowings, trade and other payables, contract liability and deposits and advances. Segment assets and liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information is analyzed as follows for the six months ended June 30, 2021 and 2020 (in thousands):

	Rentals		Construction		Sale of Land and Condominium Units		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
REVENUES								
Sales to external customers	**P 973,999**	P 990,218	**P 2,203**	P 15,643	**P 266,723**	P 546,456	**P 1,242,925**	P 1,552,317
Intersegment sales	**92,930**	92,440	**198,255**	248,142	**81,767**	-	**372.952**	340,582
Total revenues	**1,066,929**	1,082,658	**200,458**	263,785	**348,490**	546,456	**1.615.877**	1,892,899
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	**79,913**	63,189	**2,074**	7,964	**107,578**	325,688	**189,565**	396,841
Depreciation and and amortization	**54,270**	53,887	**-**	33	**-**	-	**54,270**	53,920
Other expenses(income) – net	**66,239**	63,469	**5,192**	1,395	**(22,369)**	28,934	**49.062**	93,798
	200,422	180,545	**7,266**	9,392	**85,209**	354,622	**292.897**	544,559
SEGMENT OPERATING PROFIT (LOSS)	**P 866,507**	P 902,113	**P 193,192**	P 254,392	**P 263,281**	P 191,834	**P 1,322,980**	P 1,348,340

Segment assets and liabilities are allocated to each segment as follows (in thousands):

	Rentals		**Construction**		**Sale of Land and Condominium Units**		**Total**	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities
June 30, 2021	**P 27,824,965**	**P 12,317,732**	**P 4,825,721**	**P 647,500**	**P 7,578,817**	**P 2,617,544**	**P 40,229,503**	**P 15,582,776**
December 31, 2020	24,311,272	10,954,766	6,557,870	727,516	7,312,057	2,691,120	38,181,199	14,373,402

Currently, the Group's operation is concentrated in one location; hence, it has no geographical segment (see Note 4.1).

Rental revenues from a single lessee account for 28.90% and 36.11% of the consolidated revenues for the six months ended June 30, 2021 and 2020, respectively.

Rentals segment assets include certain real estate assets (i.e., parcels of land) held as investment properties for capital appreciation or future lease.

4.5 Reconciliations

The total segment balances presented for the Group's operating segments reconciled to the Group's consolidated balances as presented in the condensed interim consolidated financial statements are as follows (in thousands):

	June 30, 2021 (Unaudited)	June 30, 2020 (Unaudited)
Revenues		
Total segment revenues	**P 1,615,877**	P 1,892,899
Elimination of intersegment revenues	**(372,952)**	(340,582)
Revenues as reported in the condensed consolidated statements of comprehensive income	**P 1,242,925**	P 1,552,317
Profit or loss		
Segment operating profit	**P 1,322,980**	P 1,348,340
Elimination of intersegment revenues	**(372,952)**	(340,582)
Other unallocated expenses	**(112,706)**	(60,140)
Operating profit as reported in the condensed consolidated statements of comprehensive income	**P 837,322**	P 947,618
Finance costs	**(14,980)**	(19,892)
Finance income	**8,411**	43,256
Share in net income of associates and joint ventures	**11,908**	21,574
Dividend income	**1,470**	1,470
Profit before tax as reported in the condensed consolidated statements of comprehensive income	**P 844,131**	P 994,026

		June 30, 2021 (Unaudited)		December 31, 2020 (Audited)
Assets				
Segment assets	**P**	**40,229,503**	P	38,184,791
Deferred tax assets – net		**156,405**		192,274
Other unallocated assets**		**6,586,283**		6,615,157
Elimination of intercompany accounts	**(**	**12,646,110)**	(	12,135,200)
Total assets reported in the condensed consolidated statements of financial position	**P**	**34,326,081**	P	32,857,022
Liabilities				
Segment liabilities	**P**	**15,582,776**	P	14,360,392
Deferred tax liabilities - net		**917,901**		1,056,710
Other unallocated liabilities**		**526,968**		555,433
Elimination of intercompany accounts	**(**	**5,686,783)**	(	5,399,798)
Total liabilities as reported in the condensed consolidated statements of financial position	**P**	**11,340,862**	P	10,572,737

***Other unallocated assets and liabilities mostly pertain to intercompany advances to and/or from related parties not eliminated in the consolidation.*

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to risk in relation to its operating, investing, and financial activities, and the business environment in which it operates. Generally, the Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks. In managing financial instruments, the Group is exposed to financial risk such as market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2020.

There have been no significant changes in the risk management structure of the Group or in any risk management policies since the previous annual period.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which an asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

6.2 Financial Instruments Measurement at Fair Value

The Group's financial assets at fair value through other comprehensive income (FVOCI) include proprietary golf club shares, which are categorized within Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. Moreover, equity security held in a private company is included in Level 3 since its market value is not quoted in an active market, hence, measured using the market approach by reference to the fair value of a comparable instrument adjusted for inputs (i.e., financial forecast of cash flows or profit or loss) internally developed by management to consider the differences in corporate profile and historical performance of the entity. As of June 30, 2021 and December 31, 2020, the Group's financial assets measured at FVOCI amounted to P49.7 million (see Note 16).

The Group has no financial liabilities measured at fair value as of June 30, 2021 and December 31, 2020.

There were neither transfers between Levels 1, 2 and 3 instruments in both periods.

6.3 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The tables below summarize the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the condensed consolidated statements of financial position but for which fair value is required to be disclosed.

	Notes	June 30, 2021 (Unaudited) Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	7	P 5,527,802,574	P -	P -	P 5,527,802,574
Short-term placement *(presented as part of Other Current Assets)*	11	185,000,000	-	-	185,000,000
Receivables – net		-	-	5,935,085,131	5,935,085,131
Refundable deposits *(presented as part of Other Non-current Assets)*	16	-	-	33,273,853	33,273,853
		P 5,712,802,574	**P -**	**P 5,968,358,984**	**P 11,681,161,558**
Financial Liabilities					
Loans and borrowings		P -	P -	P 2,813,738,470	P 2,813,738,470
Trade and other payables	18	-	-	711,588,215	711,588,215
Advances from and due to related parties	23.2	-	-	4,035,844,544	4,035,844,544
Rental deposits	19	-	-	282,431,600	282,431,600
Construction bond	19	-	-	40,608,289	40,608,289
Lease liability	15.2	-	-	192,197,041	192,197,041
		P -	**P -**	**P 8,076,408,159**	**P 8,076,408,159**

		December 31, 2020 (Audited) Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	7	P 4,429,489,615	P -	P -	P 4,429,489,615
Short-term placement *(presented as part of Other Current Assets)*	11	585,000,000	-	-	585,000,000
Receivables – net		-	-	5,661,679,683	5,661,679,683
Refundable deposits *(presented as part of Other Non-current Assets)*	16	-	-	30,313,000	30,313,000
		P 5,014,489,615	P -	P 5,691,992,683	P 10,706,482,298
Financial Liabilities					
Loans and borrowings		P -	P -	P 1,367,650,029	P 1,367,650,029
Trade and other payables	18	-	-	1,035,080,176	1,035,080,176
Advances from and due to related parties	23.2	-	-	4,033,118,154	4,033,118,154
Advances from a					
Rental deposits	19	-	-	260,695,534	260,695,534
Construction bond	19	-	-	48,837,148	48,837,148
Lease Liability	15.2	-	-	165,526,914	165,526,914
		P -	P -	P 6,910,907,955	P 6,910,907,955

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

6.4 Fair Value Disclosures for Investment Properties Carried at Cost

The table below shows the levels within the hierarchy of non-financial assets that are not measured at fair value but for which fair values are disclosed as of June 30, 2021 and December 31, 2020.

	Note	Level 1	Level 2	Level 3	Total
June 30, 2021 and December 31, 2020					
Land		P -	P121,993,194,396	P -	P121,993,194,396
Buildings and improvements		-	-	4,560,058,244	4,560,058,244
Construction in progress		-	-	3,309,920,402	3,309,920,402
	14	**P -**	**P121,993,194,396**	**P 7,869,978,646**	**P129,863,173,042**

The above fair value information is determined on the basis of the appraisals performed by an independent appraiser with appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. To some extent, the valuation process was conducted by the appraiser in discussion with the Group's management with respect to the determination of the inputs such as the size, age, and condition of the land and buildings, and the comparable prices in the corresponding property location. In estimating the fair value of these properties, management takes into account the market participant's ability to generate economic benefits by using the assets in their highest and best use. Based on management assessment, the best use of the Group's investment properties is their current use.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Cash on hand and in banks	**P 5,497,840,933**	P 2,633,527,974
Short-term placements	**29,961,641**	1,795,961,641
	P 5,527,802,574	P 4,429,489,615

Cash in banks generally earn interest based on daily bank deposit rates. Short-term placements are made for varying periods of between 30 to 90 days and earn effective interest ranging from 0.5% to 2.3% during the six months ended June 30, 2021 and 1.3% to 3.2% during the six months ended June 30, 2020. Interest income from cash in banks and short-term placements amounting to P8.4 million and P43.3 million in 2021 and 2020 respectively, are included as part of Finance Income in the consolidated statements of comprehensive income (see Note 21.2).

8. RECEIVABLES

This account is composed of the following:

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current:			
Rental receivables		**P 712,159,617**	P 757,389,580
Advances to:			
Related parties	23.1	**798,940,877**	751,290,878
Suppliers		**633,683,750**	447,738,231
Officers and employees		**9,886,567**	10,083,743
Contracts receivables		**647,831,106**	647,309,556
Retention receivables		**12,028,550**	105,366,794
Others		**1,275,201**	13,133,634
		2,815,805,668	2,732,312,416
Allowance for impairment		**(62,085,418)**	(58,655,880)
		2,753,720,250	2,673,656,536
Non-current:			
Rental receivables		**3,815,048,631**	3,573,191,833
		P 6,568,768,881	P 6,246,848,369

Receivables that are past due but not impaired as at the end of the six months reporting period are shown below:

	June 30, 2021	December 31, 2020
Not more than three months	**P 93,125,040**	P 171,495,494
More than three months but not more than one year	**25,149,964**	27,707,849
More than one year	**662,281,669**	663,533,015
	P 780,556,673	P 862,736,358

9. PROPERTY DEVELOPMENT COSTS AND REAL ESTATE TRANSACTIONS

The Group capitalized certain costs as property development costs representing properties under development and construction. Costs incurred comprise of actual costs of land, construction and related engineering, architectural and other consultancy fees related to the development of its residential condominium projects, "Pixel Residences" and "MidPark Towers", both located in Aseana City, 1702 Parañaque City, Metro Manila. It also includes certain parcels of land which will be developed for the Group's other residential projects.

The accumulated balance of Property Development Costs as presented in the condensed consolidated statements of financial position amounted to as follows:

	June 30, 2021	December 31, 2020
MidPark Residences	**P 679,034,853**	P 602,660,068
Raw Land	**397,831,294**	397,831,294
Pixel Residences	**66,013,333**	54,708,425
One Parq Suites	**14,904,917**	13,376,898
	P 1,157,784,397	P 1,068,576,685

Cost of condominium units sold amounted to P107.6 million and P325.7 million for the six months ended June 30, 2021 and 2020, respectively (see Note 20.3).

Percentage of completion of Pixel Residences as at June 30, 2021 and 2020 is 93.5% and 85.12%, respectively. Percentage of completion of MidPark Residences as at June 30, 2021 and 2020 is 18.0% and 13.4%, respectively.

10. LAND AND LAND DEVELOPMENT COSTS

This account pertains to the cost of land available for sale located in Aseana Business Park, Parañaque City; Ciudad Nuevo Park, Cavite City; and Lunzuran Heights Subdivision, Zamboanga City with a total lot area of 238,009 square meters as of June 30, 2021 and December 31, 2020.

The analysis of the movements of the balance of Land and Land Development Costs is as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**P 2,112,536,724**	P 2,012,493,650
Reclassification	**149,554,946**	-
Additions during the year	**-**	100,043,074
Balance at end of period	**P 2,262,091,670**	P 2,112,536,724

Management has estimated that the net realizable value of Land and Land Development Costs is higher than its carrying value as of June 30, 2021 and December 31, 2020. As of June 30, 2021 and December 31, 2020, certain portion of the parcels of land owned by the Group with a total lot area of 2,777 and carrying amounts of P44.2 million, is used as collateral to secure certain peso denominated interest-bearing loans (see Note 17). The loans do not contain any restriction on the sale of the land except that the mortgage is annotated in the titles of the said properties.

11. OTHER CURRENT ASSETS

This account consists of the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Input value-added tax (VAT)	**P 536,355,269**	P 680,951,322
Deferred input VAT	**459,056,229**	345,995,214
Short-term placements	**185,000,000**	585,000,000
Prepayments	**101,344,408**	116,805,902
Financial assets at FVTPL	**56,318,288**	51,318,288
Contract acquisition costs	**48,802,512**	38,177,486
Creditable withholding tax	**36,710,204**	54,908,103
	P 1,423,586,910	P 1,873,156,315

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

This account consists of the following:

	Notes	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Investments in:			
Associates	12.1	**P 48,924,829**	P 48,967,111
Joint ventures	12.2	**50,868,309**	38,917,570
		99,793,138	P 87,884,681

12.1 Investments in Associates

The movements in the carrying amount of investments in associates, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Acquisition costs	**P 56,913,213**	P 56,913,213
Accumulated share in net losses:		
Balance at beginning of period	**(7,946,102)**	(7,870,045)
Share in net losses	**(42,282)**	(76,057)
Balance at end of period	**(7,988,384)**	(7,946,102)
	P 48,924,829	P 48,967,111

12.2 Investments in Joint Ventures

The Group's joint ventures only includes BRADCO. The movements in the carrying amount of investments in joint ventures, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Acquisition costs	**P 2,000,000**	P 2,000,000
Accumulated share in net losses:		
Balance at beginning of period	**36,917,570**	10,827,982
Share in net gains (losses)	**11,950,739**	26,089,588
Balance at end of period	**48,868,309**	36,917,570
	P 50,868,309	P 38,917,570

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation and amortization of property and equipment at the beginning and end of the six months ended June 30, 2021 and the year ended December 31, 2020 are shown below.

	Land	Land Improvements	Leasehold Improvements	Machinery and Construction Equipment	Transportation Equipment	Furniture and Office Equipment	Other Equipment	Building and Improvements	Total
June 30, 2021									
Cost	P 9,291,800	P 4,034,354	P 37,831,686	P 473,082,079	P 55,200,629	P 160,437,878	P 14,244,402	P 239,649,209	P 993,772,037
Accumulated depreciation and amortization	-	(3,303,464)	(31,647,691)	(440,771,979)	(42,754,770)	(90,680,842)	(14,060,405)	(27,959,074)	(651,178,225)
Net carrying amount	**P 9,291,800**	**P 730,890**	**P 6,183,995**	**P 32,310,100**	**P 12,445,859**	**P 69,757,036**	**P 183,997**	**P 211,690,135**	**P 342,593,812**
December 31, 2020									
Cost	P 9,291,800	P 4,034,354	P 37,831,686	P 473,082,079	P 52,052,629	P 159,260,525	P 14,244,402	P 239,649,209	P 989,446,684
Accumulated depreciation and amortization	-	(3,171,083)	(30,853,552)	(428,654,198)	(40,766,854)	(77,808,868)	(14,060,405)	(23,964,921)	(619,279,881)
Net carrying amount	**P 9,291,800**	**P 863,271**	**P 6,978,134**	**P 44,427,881**	**P 11,285,775**	**P 81,451,657**	**P 183,997**	**P 215,684,288**	**P370,166,803**
January 1, 2020									
Cost	P 9,291,800	P 4,034,354	P 37,831,686	P 467,104,401	P 48,127,629	P 157,605,672	P 14,244,402	P 239,649,209	P 977,889,153
Accumulated depreciation and amortization	-	(2,906,319)	(26,344,443)	(389,301,114)	(37,472,421)	(49,708,981)	(14,038,209)	(15,976,614)	(535,748,101)
Net carrying amount	**P 9,291,800**	**P 1,128,035**	**P 11,487,243**	**P 77,803,287**	**P 10,655,208**	**P 107,896,691**	**P 206,193**	**P223,672,595**	**P442,141,052**

A reconciliation of the carrying amounts at the beginning and end of the six months ended June 30, 2021 and the year ended December 31, 2020 of property and equipment is shown below.

	Land	Land Improvements	Leasehold Improvements	Machinery and Construction Equipment	Transportation Equipment	Furniture and Office Equipment	Other Equipment	Building and Improvements	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 9,291,800	P 863,271	P 6,978,134	P 44,427,881	P 11,285,775	P 81,451,657	P 183,997	P 215,684,288	P 370,166,803
Additions	-	-	-	-	3,148,000	1,177,353	-	-	4,325,353
Depreciation and amortization charges for the year	-	(132,381)	(794,139)	(12,117,781)	(1,987,916)	(12,871,974)	-	(3,994,153)	(31,898,344)
Balance at June 30, 2021, net of accumulated depreciation and amortization	**P 9,291,800**	**P 730,890**	**P 6,183,995**	**P 32,310,100**	**P 12,445,859**	**P 69,757,036**	**P 183,997**	**P 211,690,135**	**P 342,593,812**
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 9,291,800	P 1,128,035	P 11,487,243	P 77,803,287	P 10,655,208	P 107,896,691	P 206,193	P223,672,595	P 442,141,052
Additions	-	-	-	5,977,678	3, 925,000	1,654,853	-	-	11,557,531
Depreciation and amortization charges for the year	-	(264,7624)	(4,509,109)	(39,353,084)	(3,294,433)	(28,099,887)	(22,196)	(7,988,307)	(83,531,780)
Balance at December 31, 2020, net of accumulated depreciation and amortization	**P 9,291,800**	**P 863,271**	**P 6,978,134**	**P 44,427,881**	**P 11,285,775**	**P 81,451,657**	**P 183,997**	**P 215,684,288**	**P370,166,803**

The amount of depreciation and amortization is allocated as follows:

	Notes	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
General and administrative expense	22	**P 19,780,565**	P 44,136,731
Capitalized as part of land and land development costs		**12,117,779**	39,270,880
Cost of construction contracts	20.1	**-**	124,169
		P 31,898,344	P 83,531,780

14. INVESTMENT PROPERTIES

The carrying amount of this account is composed of the following:

	Note	**2021**	2020
Investment properties – net		**P 15,782,668,629**	P 15,386,931,236
Right-of-use asset – net	15.1	**175,613,218**	152,548,532
		P 15,958,281,847	P 15,539,479,768

The gross amounts and the accumulated depreciation of investment properties at the beginning and end of the six months ended June 30, 2021 and the year ended December 31, 2020 are shown below.

	Land	**Building and Improvements**	**Condominium Units**	**Construction in Progress**	**Total**
June 30, 2021					
Cost	P 9,809,235,278	P 2,797,982,323	P 25,228,650	P 3,852,361,191	P 16,484,807,442
Accumulated depreciation	-	(696,108,509)	(6,030,304)	-	(702,138,813)
Net carrying amount	**P 9,809,235,278**	**P 2,101,873,814**	**P 19,198,346**	**P 3,852,361,191**	**P 15,782,668,629**
December 31, 2020					
Cost	P 9,904,289,891	P 2,797,681,966	P 25,228,650	P 3,309,920,402	P 16,037,120,909
Accumulated depreciation	-	(644,663,943)	(5,525,730)	-	(650,189,673)
Net carrying amount	P 9,904,289,891	P 2,153,018,023	P 19,702,920	P 3,309,920,402	P 15,386,931,236
January 1, 2020					
Cost	P 8,867,542,310	P 2,797,479,316	P 25,228,650	P 1,270,510,090	P 12,960,760,366
Accumulated depreciation	-	(541,754,063)	(4,516,584)	-	(546,270,647)
Net carrying amount	P 8,867,542,310	P 2,255,725,253	P 20,712,066	P 1,270,510,090	P 12,414,489,719

The reconciliation of the carrying amounts of investment properties at the beginning and end of the six months ended June 30, 2021 and the year ended December 31, 2020 is shown below.

	Land	Building and Improvements	Condominium Units	Construction in Progress	Total
Balance at January 1, 2021, net of accumulated depreciation	P 9,904,289,891	P 2,153,018,023	P 19,702,920	P 3,309,920,402	P 15,386,931,236
Additions	54,500,333	-	-	584,275,573	638,775,906
Reclassification of land to property development cost	-	-	-	(41,534,427)	(41,534,427)
Reclassification to raw land	(149,554,946)	-	-	-	(149,554,946)
Reclassification from CIP to building improvements	-	300,357	-	(300,357)	-
Depreciation charges for the year	-	(51,444,566)	(504,574)	-	(51,949,140)
Balance at June 30, 2021, net of accumulated depreciation	**P 9,809,235,278**	**P 2,101,873,814**	**P 19,198,346**	**P 3,852,361,191**	**P 15,782,668,629**
Balance at January 1, 2020, net of accumulated depreciation	P 8,867,542,310	P 2,255,725,253	P 20,712,066	P 1,270,510,090	P 12,414,489,719
Additions	406,747,581	202,650	-	2,039,410,312	2,446,360,543
Asset acquisition	630,000,000	-	-	-	630,000,000
Depreciation charges for the year	-	(102,909,880)	(1,009,146)	-	(103,919,026)
Balance at December 31, 2020, net of accumulated depreciation	P 9,904,289,891	P 2,153,018,023	P 19,702,920	P 3,309,920,402	P 15,386,931,236

The amount of depreciation is allocated as follows:

	Notes	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Cost of rentals	20.2	**P 51,444,567**	P 102,909,880
General and administrative expense	22	**504,573**	1,009,146
		P 51,949,140	P 103,919,026

Land and building rental revenues recognized from investment properties amounted to P882.5 million and P905.7 million for the six months ended June 30, 2021 and 2020, respectively, and are shown as Rentals under Revenues account in the condensed consolidated statements of comprehensive income. Costs incurred related to investment properties, including the depreciation, are presented as Rentals under Costs of Services and Sales account in the condensed consolidated statements of comprehensive income (see Note 20.2).

Management believes that the carrying amounts of investment properties are recoverable in full; hence, no impairment loss is recognized in 2021 and 2020.

Certain investment properties with carrying amount of P301.5 million as of June 30, 2021 and December 31, 2020, are used as collateral for certain loans with local banks (see Note 17).

The fair value of investment properties amounted to P129,863.2 million as of June 30, 2021 and December 31, 2020 (see Note 6.4).

15. LEASES

The Group leases certain parcels of land from WHI. Such lease has original term of 15 years and subject to escalation rate of 3% and enforceable renewal/extension options. The lease with WHI is reflected on the 2021 condensed consolidated statement of financial position as a right-of-use asset under Investment Properties (see Note 14) and a lease liability.

15.1 Right-of-use Asset

The carrying amount of the Group's right-of-use asset as at June 30, 2021 and December 31, 2020 and the movements during the period are shown below.

	Note	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Balance at beginning of period		**P 152,548,532**	P 158,198,478
Additions		**31,067,590**	-
Depreciation and amortization	20.2	**(8,002,904)**	(5,649,946)
Balance at end of period		**P 175,613,218**	P 152,548,532

The amount of depreciation is allocated as follows:

	Notes	**June 30, 2021 (Unaudited)**	December 31, 2020 (Audited)
Capitalized as part of property development cost		**P 5,177,931**	P -
Cost of rentals	20.2	**2,824,973**	5,649,946
		P 8,002,904	P 5,649,946

15.2 Lease Liability

Lease liability is presented in the consolidated statement of financial position as at June 30, 2021 and December 31, 2020 as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current	**P 16,353,538**	P 11,282,400
Non-Current	**175,843,503**	154,244,514
	P 192,197,041	P 165,526,914

Interest expense is presented as part of Finance Costs in the consolidated statements of comprehensive income (see Note 21.1).

As of June 30, 2021, the Group has no commitments for leases (as lessee) entered into but which had not commenced.

16. OTHER NON-CURRENT ASSETS

This account includes the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Advances to suppliers	**P 493,356,142**	P 579,018,623
Project advances	**117,712,078**	116,964,427
Deposits for future investment	**54,026,935**	54,026,935
Financial assets at FVOCI	**49,670,827**	49,670,827
Refundable deposits	**33,273,853**	30,313,000
Contract acquisition costs	**5,503,473**	5,503,473
Others	**9,108,910**	9,108,911
	P 762,652,218	P 844,606,196

The reconciliation of the carrying amounts of financial assets at FVOCI is as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Balance at beginning of period	**P 49,670,827**	P 75,876,143
Unrealized fair value gain	**-**	(26,205,316)
Balance at end of period	**P 49,670,827**	P 49,670,827

Financial assets at FVOCI consist of investment in golf club shares and certain unquoted equity securities. The Group used Level 2 and 3 in determining the fair value of financial assets at FVOCI.

17. LOANS AND BORROWINGS

The Group's short-term and long-term loans and borrowings are classified in the condensed consolidated statements of financial position as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current	**P 2,594,820,000**	P 1,114,670,000
Non-current	**244,880,000**	282,350,000

	P 2,839,700,000	P 1,397,020,000

Bank loans represent partially secured and unsecured loans from local commercial banks. These loans bear annual interest rates ranging from 2.25% to 5.75% per annum in 2021 and 2020 and are subject to monthly repricing based on prevailing market rate.

In 2021 and 2020, interest costs related to bank loans amounted to P8.7 million and P13.2 million, respectively, and were recognized as part of Finance costs account in the condensed consolidated statements of comprehensive income (see Note 21.1).

Certain bank loans are partially secured by investment properties amounting to P301.5 million, and land and land development costs amounting to P44.2 million both as of June 30, 2021 and December 31, 2020 (see Notes 10 and 14).

18. TRADE AND OTHER PAYABLES

This account consists of the following:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Deferred output VAT payable	**P 553,302,120**	P 682,122,394
Trade payables	**277,560,512**	403,109,987
Retention payable	**205,504,904**	300,391,327
Accrued expenses	**82,294,469**	194,878,351
Other payables	**146,228,330**	152,452,510
	P 1,264,890,335	P 1,732,954,569

19. DEPOSITS AND ADVANCES

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Current:		
Reservation deposits	**P 466,466,408**	P 577,863,090
Advance rentals	**264,807,142**	228,663,931
Rental deposits	**47,473,380**	50,041,094
Construction bond	**40,608,289**	48,837,148
Unearned rent income	**38,410,678**	12,007,782
Buyers' deposits	**1,009,196**	1,009,196
Others	**3,770,433**	3,219,323
	862,545,526	921,641,564

Non-current:		
Rental deposits	**234,958,220**	210,654,440
Retention payable	**77,631,000**	132,362,000
Unearned rent income	**61,178,807**	61,178,807
Advance rentals	**48,378,239**	63,308,956
Buyers' deposits	**5,827,833**	5,827,833
	427,974,099	473,332,036
	P 1,290,519,625	P 1,394,973,600

20. COSTS OF SERVICES

20.1 Cost of Construction Contracts

The details of cost of construction contracts are shown below.

	Notes	**2021**	2020
Subcontract		**P 2,073,730**	P 7,963,665
Depreciation and amortization	13	**-**	32,798
	22	**P 2,073,730**	P 7,996,463

20.2 Cost of Rentals

The following are the details of direct costs and expenses of rentals, including common usage and service area charges:

	Notes	**2021**	2020
Depreciation	14, 15.1	**P 54,269,540**	P 53,887,276
Outside services		**21,881,070**	12,579,531
Taxes and licenses		**21,652,052**	21,760,355
Utilities		**10,395,180**	13,028,115
Repairs and maintenance		**6,409,885**	2,017,745
Professional fees		**6,091,834**	4,262,016
Office supplies		**3,864,649**	4,614,067
Others		**9,618,427**	4,926,710
	22	**P 134,182,637**	P 117,075,815

Others include cost of janitorial services, garbage fees, and other incidental fees.

20.3 Cost of Sale of Condominium Units

The following are the details of direct costs and expenses of condominium units sold:

	2021	2020
Development costs	**P 85,725,044**	P 277,784,892
Land cost	**11,235,766**	37,060,629
Others	**10,616,944**	10,842,286
	P 107,577,754	P 325,687,807

Development costs pertain to work done by third party contractors relating to planning, design, architectural, and general construction of the condominium units.

Others include permits and licenses, development changes, surveying, monumenting and titling fees.

21. OTHER OPERATING AND NON-OPERATING INCOME (CHARGES)

21.1 Other Operating Income

	2021	2020
Penalty income	**P 37,459,568**	P -
Income from rendering of administrative and other services	**18,406,913**	17,168,323
Others	**3,465,279**	68,339,023
	P 59,331,760	P 85,507,346

Others include sale of air rights, parking fee income, vetting fee, and signage rental.

21.2 Finance Costs

	Note	**2021**	2020
Interest expense on:			
Bank loans	17	**P 8,685,595**	P 13,159,798
Lease liabilities	15.2	**6,245,821**	6,202,068
Foreign currency losses – net		-	462,631
Others		**48,364**	67,248
		P 14,979,780	P 19,891,745

21.3 Finance Income

	Note	2021	2020
Interest income	7	**P 8,170,294**	P 43,256,472
Foreign currency gains		**240,330**	-
		P 8,410,624	P 43,256,472

22. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	2021	2020
Development costs		**P 85,725,044**	P 277,784,892
Taxes and licenses		**77,190,191**	76,910,665
Salaries and employee benefits		**75,526,310**	73,264,350
Depreciation and amortization	13, 14	**74,554,678**	77,469,532
Outside services		**24,560,324**	14,495,707
Association dues		**18,838,301**	17,654,491
Professional fees		**15,393,368**	10,698,444
Bond and insurance		**12,146,880**	6,580,059
Utilities		**11,274,610**	13,714,996
Land Cost		**11,235,766**	37,060,629
Commission		**9,630,702**	17,831,533
Office supplies		**8,345,476**	7,472,646
Repairs and maintenance		**7,159,742**	4,027,412
Representation and entertainment		**5,949,120**	13,810,892
Impairment loss		**3,429,537**	-
Others		**23,975,268**	41,431,613
		P 464,935,316	P 690,207,861

Others include gasoline and oil, postage and communication, bid documents, subsistence, low value leases and other incidental expenses under the ordinary course of business.

These expenses are classified in the condensed consolidated statements of comprehensive income as follows:

	Notes	2021	2020
Cost of rentals	20.2	**P 134,182,637**	P 117,075,815
Cost of sale of condominium units	20.3	**107,577,754**	325,687,807
Cost of construction contracts	20.1	**2,073,730**	7,996,463
General and administrative expenses		**209,973,244**	219,783,667
Selling expenses		**11,127,951**	19,664,109
		P 464,935,316	P 690,207,861

The details of general and administrative expenses are shown below.

	Notes	2021	2020
Salaries and employee benefits		**P 75,526,310**	P 73,264,350
Taxes and licenses		**55,538,139**	55,150,310
Depreciation and amortization	13, 14	**20,285,137**	23,549,458
Association dues		**18,838,301**	17,654,491
Professional fees		**9,301,534**	6,436,428
Representation and entertainment		**5,949,120**	13,810,892
Office supplies		**4,480,827**	2,858,579
Impairment loss		**3,429,537**	-
Outside services		**2,679,254**	1,916,176
Bond and insurance		**2,528,453**	1,653,349
Utilities		**879,430**	686,881
Repairs and maintenance		**749,857**	2,009,667
Others		**9,787,345**	20,793,086
		P 209,973,244	P 219,783,667

23. RELATED PARTY TRANSACTIONS

The Group's related parties include its Ultimate Parent Company, associates, joint ventures, related parties under common ownership and management, stockholders and key management personnel as described below.

The summary of the Group's significant transactions in 2021 and 2020 with its related parties and the outstanding balances as of June 30, 2021 and December 31, 2020 are presented on the succeeding page.

Related Party Category	Note	Outstanding Balances June 30, 2021 (Unaudited)	Outstanding Balances December 31, 2020 (Audited)	Amount of Transactions 2021	Amount of Transactions 2020
Ultimate parent company:					
Cash advances granted	23.1	**P 469,170,946**	P 440,851,531	**P 28,319,415**	P 1,129,097
Advances from purchase of land	23.2	**(3,990,125,076)**	(3,990,125,076)	-	-
Cash advances paid (obtained)	23.2	**(45,719,468)**	(42,993,085)	**(2,726,383)**	-
Right-of-use assets		**175,613,218**	152,548,532	**23,064,686**	(2,824,972)
Lease liability		**(192,197,041)**	(165,526,914)	**(26,670,127)**	(560,868)
Depreciation		-	-	**8,002,904**	2,824,973
Interest expense		-	-	**6,245,821**	6,202,068
Associates:					
Cash advances granted	23.1	**7,555,929**	7,555,429	**500**	202,100
Joint ventures:					
Cash advances granted	23.1	**37,583,941**	37,583,941	**-**	-
Construction contracts		**27,673,758**	27,673,758	**-**	2,648,789
Related parties under common ownership and management:					
Cash advances granted (collected)	23.1	**185,074,962**	168,244,877	**16,830,085**	11,261,932
Cash advances paid (obtained)	23.2	**-**	-	**-**	(3,643,767)
Association dues		**39,657,581**	39,439,101	**19,568,849**	8,234,070
Contracts of services		**-**	-	**10,483,000**	10,679,020
Other income		**-**	-	**17,608,641**	7,200,000
Stockholders:					
Cash advances granted (collected)	23.1	**99,555,099**	97,055,100	**2,499,999**	6,458,363
Key management personnel –					
Compensation		**-**	-	**29,011,976**	28,934,336
Retirement Fund		**41,857,802**	41,857,802	**-**	-

23.1 Advances to Related Parties

In the normal course of business, the Group grants unsecured and noninterest-bearing cash advances to related parties for working capital requirements and other purposes. The advances have no fixed repayment terms and collectible upon demand.

Certain advances to related parties are secured by an undertaking of another related party to pay in case of default. These advances are presented as Advances to related parties under Receivables account in the condensed consolidated statements of financial position (see Note 8).

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Ultimate parent company	**P 469,170,946**	P 440,851,531
Related parties under common ownership and management	**185,074,962**	168,244,877
Stockholders	**99,555,099**	97,055,100
Joint ventures	**37,583,941**	37,583,941
Associates	**7,555,929**	7,555,429
	P 798,940,877	P 751,290,878

23.2 Advances from Related Parties and Due to Ultimate Parent Company

The Group has outstanding amount due to the Ultimate Parent Company representing a payable for certain land acquired in prior years. The Group also obtains cash advances from other related parties to assist its daily operational and other requirements.

24. EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

	2021 (Unaudited)	2020 (Unaudited)
Net profit attributable to the equity holders of the Parent Company	**P 852,821,953**	P 716,499,076
Divided by weighted average number of outstanding common shares*	**3,395,864,100**	3,395,864,100
Basic and diluted earnings per share	**P 0.25**	P 0.21

*The Group has no potential dilutive common shares as of June 30, 2021 and 2020.

25. CAPITAL STOCK

The Parent Company has an authorized capital stock of P4,000,000,000 divided into 4,000,000,000 shares with a par value of P1 per share, of which 3,395,864,100 shares or P3,395,864,100 are issued and outstanding as of June 30, 2021 and December 31, 2020.

On March 6, 2018, the Parent Company filed its application with the PSE for the listing of its common shares, which was approved by the PSE on May 23, 2018. Also on March 6, 2018, the Parent Company filed a Registration Statement covering the Initial Public Offering (IPO) of its common shares with the PSE, in accordance with the provisions of the SEC's Securities Regulation Code. Pursuant to its filing with the PSE, on June 29, 2018, the Parent Company issued through the IPO the additional 679,172,800 common shares at P12.00 price per share generating offering proceeds of P8,150.1 million.

The related additional paid-in capital arising from the IPO, after deducting transaction costs associated with the issuance of shares, amounted to P6,964.6 million. The common share price closed at P7.2 per share and P7.6 per share as of June 30, 2021 and December 31, 2020, respectively.

On May 14, 2020, the Parent Company's BOD unanimously approved a P1,000.0 million buyback program of the Parent Company's shares through the open market on the PSE subject to applicable SEC and PSE rules, for a period of two years or upon full utilization of the appropriated amount, whichever comes first. The Parent Company acknowledges that the share buyback program shall have an effect on the Parent Company's Minimum Public Ownership (MPO), and that it commits to bringing the MPO to the required percentage within a period of twelve months. As of the date of issuance of the 2020 consolidated financial statements, the SEC is yet to approve the Parent Company's buyback program.

As of June 30, 2021 and December 31, 2020, there are 26 and 12 holders, respectively, of the listed common shares owning at least one board lot of 100 shares. The public float lodged with PCD Nominee is counted as one stockholder only.

26. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

26.1 Operating Leases – Group as a Lessor

The Group is a lessor under operating leases covering certain real estate properties presented in the consolidated statements of financial position as Investment Properties. The lease agreements have a term of one year, subject to annual renewal and monthly payment of minimum rental plus additional rental based on certain percentage of the lessee's gross sales. Lease agreements with large tenants have terms ranging from five to 45 years with monthly rental payment on certain rate per square meter of leased area subject to annual escalation rates of 5.00% to 10.00% per annum.

The future minimum lease collections under these operating leases as of the end of the reporting period is as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Within one year	**P 1,231,047,178**	P 1,125,340,220
After one year but not more than five years	**2,780,709,122**	3,013,169,890
More than five years	**31,601,013,487**	31,861,464,258
	P 35,612,769,786	P 35,999,974,368

26.2 Legal Claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of its business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

26.3 Deficiency Tax Assessments

The Group has certain final deficiency tax assessment and has received letters of authority from the Bureau of Internal Revenue (BIR), pursuant to which the BIR has sought to investigate certain tax periods of the Group and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. There are final deficiency tax assessments in the ordinary course of business against the Parent Company that are pending with the BIR covering taxable years 2015, 2013 and 2009. Pursuant to the

Group's policy of addressing such actions in line with prudent business practice, the Group has engaged tax counsels and advisors in relation to these matters.

As of June 30, 2021, the final deficiency tax assessments are still under protest. Management believes that the Group has enough basis in law, Supreme Court and Court of Tax Appeals decisions, and evidence to support their claim; hence, no provisions were recognized in the consolidated financial statements.

26.4 Reclaimed Land and Others

The Group's existing land holdings in Aseana City, which were obtained pursuant to certain series of agreements involving reclamation and related projects with the Philippine Government, are entirely located on reclaimed foreshore land. Although the Group holds registered titles to these land holdings, Philippine law provides that issuance of titles does not create or vest title, but only constitutes evidence of ownership over such properties. In view of this, the Group's ownership, registration, and possession of titles and actual possession of these land holdings do not negate the possibility that the Philippine Government or third parties may at any time, file lawsuits to challenge the Group's rights to these land holdings. While the PRA and the Philippine Office of the Government Corporate Counsel (OGCC) are of the opinion that the Group's titles can no longer be invalidated, there is no assurance that the Philippine Government or third parties will not challenge the Group's rights to such reclaimed lands in the future. Notwithstanding the foregoing, the Group is not aware of the validity of the Group's titles being questioned, impugned, challenged or invalidated by the Philippine Government or any other third party since the time the Group acquired ownership over these land holdings in Aseana City and up to the audit report date. In addition to the opinions of the PRA and OGCC, management believes that the Group has enough basis in law and in the decisions of the relevant courts, to support the validity of its titles and ownership over these subject properties.

There are other commitments, litigations and contingencies that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of June 30, 2021, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

27. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions primarily those current and expected future events that affect or likely to affect the real estate and leasing sector. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by measuring the ratio of loans and borrowings to total capital and net loans and borrowings to total capital. Loans include all short-term and long-term borrowings while net interest-bearing loans include all short-term and long-term loans net of cash and cash equivalents.

As of June 30, 2021 and December 31, 2020, the Group's ratios of net interest-bearing loans to total capital are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
Total loans and borrowings	**P 2,839,700,000**	P 1,397,020,000
Less: Cash and cash equivalents and short-term placements	**(5,712,802,574)**	(5,014,489,615)
Net loans and borrowings (a)	**(2,873,102,574)**	(3,617,469,615)
Total equity	**22,985,218,321**	22,284,284,887
Net loans and borrowings and equity (b)	**P20,112,115,747**	P 18,666,815,272
Gearing ratio (a/b)	**-14%**	-19%

28. CASH DIVIDENDS

On March 3, 2021, the Parent Company's BOD in the special meeting held approved the declaration of dividends amounting to P 0.047116 per share to shareholders as of the record date March 22, 2021. The dividends were made payable on April 8, 2021.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
Schedule of Financial Indicators
As required under SRC Rule 68, as amended
For the Period Ended June 30, 2021 and 2020
(Amounts in Philippine Pesos)

		June 30, 2021	December 31, 2020
I.	**Current/liquidity ratios**		
	a. Current Ratio		
	Total Current Assets / Total Current Liabilities	**1.41**	1.47
	b. Quick Ratio		
	[Cash and Cash Equivalents + Receivables - net] / Total Current Liabilities	**0.91**	0.92
II.	**Solvency ratios**		
	a. Solvency Ratio		
	Total Assets / Total Liabilities	**3.03**	3.11
	b. Debt Ratio		
	Total Loans and Borrowings / Total Assets	**8%**	4%
	c. Debt-to-Equity Ratio		
	Total Loans and Borrowings / Total Equity Attributable to Owners of Parent Company	**13%**	6%
III.	**Asset-to-equity ratio**		
	Total Assets / Total Equity Attributable to Owners of Parent Company	**1.53**	1.51

		June 30, 2021	June 30, 2020
IV.	**Interest Coverage Ratio**		
	Earnings Before Interest and Taxes / Interest Costs	**97.9**	73.8
V.	**Profitability Ratios**		
	a. Net Profit Margin		
	Net profit Attributable to Owners of the Parent Company / Revenues	**68.6%**	47.7%
	b. Gross Profit Margin		
	Gross Profit / Revenues	**80.4%**	71.0%
	c. Return on Equity (Annualized)		
	Net profit Attributable to Owners of the Parent Company / Average Equity Attributable to Owners of the Parent Company	**8.2%**	8.2%
	d. Return on Assets (Annualized)		
	Net profit Attributable to Owners of the Parent Company / Average Total Assets	**6.1%**	4.0%
	e. Recurring income		
	Rental revenue / Total revenue	**78.4%**	63.8%

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DMW's Net Income Increases 16% to P860.9 million in six months ended June 30, 2021

Financial and Operational Highlights
(In Millions Pesos, except for financial ratios and percentages)

	Six months ended June 30 (UNAUDITED)				
	2021	**% to Revenues**	2020	% to Revenues	% Change
Profit & Loss Data					
Revenues	**1,243**	**100%**	1,552	100%	-20%
Cost of services and sales	**244**	**20%**	450	36%	-46%
Gross profit	**999**	**80%**	1,101	64%	-9%
Other operating expenses – net	**162**	**13%**	153	10%	6%
Net income	**861**	**69%**	740	45%	16%

	Jun 30, 2021		Dec 31, 2020		
	Amount	**% to Total Assets**	Amount	% to Total Assets	% Change
	(UNAUDITED)		(AUDITED)		
Balance Sheet Data					
Total Assets	**34,326**	**100%**	32,857	100%	4%
Total Liabilities	**11,341**	**33%**	10,573	32%	7%
Total Equity attributable to owners of the Parent company	**22,397**	**65%**	21,704	66%	3%

	As of the period ended	
Other Key Financial Ratios	**June 30, 2021**	December 31, 2020
Current Ratio	**1.41**	1.47
Debt to Equity	**13%**	6%

	June 30, 2021	June 30, 2020
Return on Equity	**8%**	8%
***Net income ratio**	**68%**	48%
Recurring Income Contribution	**78%**	64%

**Attributable to parent*

Revenue

Total consolidated revenue decreased by P309.4 million, or 19.9%, from P1,552.3 million for the six months ended June 30, 2020 to P1,242.9 million for the same period in 2021, primarily due to the following:

Sale of Condominium Units

The revenue from sale of condominium units decreased by P279.7 million, or 51.2%, from P546.5 million for the six months ended June 30, 2020 to P266.7 million for the same period in 2021. This decrease was attributable primarily due to the decrease in incremental percentage of completion of Pixel in 2021 compared to the incremental percentage of completion for the same period in 2020 as the project is nearing completion.

Rentals

The total rental revenue decreased by P16.2 million, or 1.6%, from 990.2 million for the six months ended June 30, 2020 to P974.0 million for the same period in 2021 primarily due to decrease in building rentals by P20.8 million, or 5.1%, from P409.9 million in 2020 to P389.1 million in 2021. The decrease was attributable to the pre-termination of several lessees as an effect of the current pandemic situation. Building occupancy rate as of June 30, 2021 and 2020 is 90% and 94%, respectively.

Construction contracts

Total construction revenue decreased by P13.4 million, or 85.9%, from P15.6 million for the six months ended June 30, 2020 to P2.2 million for the same period in 2021 primarily due to decrease in construction activities rendered to external customers. In 2021, the Group focused its construction resources to completing its on-going internal projects.

Cost of Services and Sales

Our consolidated cost of services and sales decreased by P206.9 million, or 45.9%, from P450.8 million for the six months ended June 30, 2020 to P243.8 million for the same period in 2021 due primarily to the following:

Sale of Condominium Units

Cost of sale of condominium units decreased by P218.1 million, or 67.0%, from P325.7 million for the six months ended June 30, 2020 to P107.6 million for the same period in 2021. As discussed in a previous paragraph, decrease was attributable primarily to the decrease in incremental percentage of completion in 2021 compared for the same period in 2020.

Construction Contracts

Costs of construction contracts decreased by P5.9 million, or 74.1%, from P8.0 million for the six months ended June 30, 2020 to P2.1 million in 2021. As discussed in a previous paragraph, the decrease in cost was due primarily to decrease in construction activities rendered to external parties.

Other Income (Charges)

Other income net of charges decreased by P39.6 million, or 85.3% from P46.4 million net income for the six months ended June 30, 2020 to P6.8 million net income for the same period in 2021 primarily due to the following:

Finance Income

Finance income decreased by P34.8 million, or 80.6%, from P43.3 million in 2020 to P8.4 million in 2021. The decrease was attributable primarily to the decrease in the amount of short term placements and effective interest income rate.

Share in Net Income of Associates and Joint Venture

Share in Net Income of Associates and Joint Ventures decreased by P9.7 million, or 44.8%, from P21.6 million in 2020 to P11.9 million in 2021 due to the decrease in the net income as a result of operations of the joint venture.

Tax Expense (Credit)

Tax expense turned around by P270.5 million, or 106.6%, from P253.7 million tax expense in 2020 to P16.8 million tax credit in 2021. On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprise Act (CREATE Act) was passed resulting to the decrease in corporate tax rate from 30% to 25%. The effect of which is a reversal of deferred tax liability and a tax credit from the previous year's adjustment for overpayment of income tax.

Net Profit Attributable to Parent

Net profit attributable to parent company increased by P131.9 million, or 18.3%, from P720.9 million in 2020 to P852.8 million in 2021.

Balance Sheet Accounts

Total Assets

The Company's total assets increased by P1,469.1 million, or 4.5%, from P32,857.0 million as of December 31, 2020 to P34,326.1 million as of June 30, 2021 due to the following:

- Cash and cash equivalents increased by P1,098.3 million, or 24.8%, from 4,429.5 million to P5,527.8 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to availment of loans and collection from rentals and sale of condominium units.

- Receivables increased by P321.9 million, or 5.2%, from P6,246.8 million to P6,568.8 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to recognition of rental receivable based on PAS17.

- Property development costs increased by P89.2 million, or 8.3% from P1,068.6 million to P1,157.8 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to the cost incurred in constructing Pixel Residences and MidPark Towers. As of June 30, 2021, percentage of completion for Pixel Residences and MidPark Towers is 93.5% and 18.0%, respectively.

- Investment properties - net increased by P418.8 million, or 2.7%, from P15,539.5 million to P15,958.3 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to the cost incurred for 8912 Asean Ave., Parqal, and Aseana Plaza, net of the reclassification of certain parcel of land previously recognized as leasable area to Land and land development cost.

- Other non-current asset decreased by P82.0 million, or 9.7%, from P844.6 million to P762.7 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to recoupment of deposits or downpayment on progress billings of subcontractors.

Total Liabilities

Total liabilities increased by P768.1 million, or 7.3%, from P10,572.7 million to P11,340.9 million from December 31, 2020 and June 30, 2021, respectively, due to the following:

- Loans and borrowings increased by 1,442.7 million, or 103.3%, from P1,397.0 million to P2,839.7 million as of December 31, 2020 and June 30, 2021, respectively, primary due to availment of loans to support the construction of the on-going projects.

- Contract liability increased by P20.7 million, or 3.0%, from P690.8 million to P711.5 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to the increase in the amount received from real estate customers in excess of the amount the Group has rights to receive based on the progress of the real estate development.

- Trade and other payables decreased by P468.1 million, or 27.0%, from P1,733.0 million to P1,264.9 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to payment to several suppliers and subcontractors.

- Deposits and advances decreased by P104.5 million, or 7.5%, from P1,395.0 million to P1,290.5 million as of December 31, 2020 and June 30, 2021, respectively, mainly due to application of deposits related to the sale of units of MidPark Towers that reached 20% revenue threshold and the partial release of retention payable to general contractors.

- Deferred tax liabilities decreased by P138.8 million, or 13.1%, from P1,056.7 million to P917.9 million as of December 31, 2020 and June 30, 2021, respectively, mainly due to reversal of deferred tax liability as a result of reduced tax rate from 30% to 25% in accordance to the provisions of CREATE Bill.

Total Equity

Total equity increased by P700.9 million, or 3.1%, from P22,284.3 million to P22,985.2 million as of December 31, 2020 and June 30, 2021, respectively, primarily due to the results of operation for the six months ended June 30, 2021, net of declaration of cash dividends of P160.0 million.

Other Key Financial Ratios

The Company's key performance indicators are measured in terms of the following: (a) Current ratio which determines the liquidity of the Company (b) Debt to equity which determines the Company's financial leverage (c) Return on equity which measures the profitability to capital provided by stockholders (d) net income ratio which measures the ratio of net profit to total gross revenue (e) recurring income contribution.

Current ratio decreased to 1.41 from 1.47 as of June 30, 2021 and December 31, 2020, respectively, mainly due to increase in current liabilities due to additional loan.

Debt to equity ratio increased to 13% from 6% as of June 30, 2021 and December 31, 2020, mainly due to increase in loans and borrowings.

Return on equity remained at 8% as of June 30, 2021 and 2020.

Net income margin increased to 68% from 48% as of June 30, 2021 and 2020 as a result of the change in revenue mix mainly due to decrease in contribution of revenue from sales of condominium units

Recurring income ratio increased to 78% from 64% as of June 30, 2021 and 2020 mainly due to decrease in revenue from sale of condominium units.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

There are no known trends, events, material changes, seasonal aspects or uncertainties that are expected to affect the Company's continuing operations.

Key Operating Data

As of June 30, 2021, 8912 Asean Ave. the Company's largest commercial office building has a percentage of completion of 95.6%. In February 2021, the Company successfully closed its first office lease deal in 8912 Asean Ave. The building is projected to be completed in 2021 and will add an approximately 69,000 sq.m to the total leasable floor area.

As of June 30, 2021, Parqal a mixed-use project with office and retail spaces that stretches from Diokno Ave. to Macapagal Ave. has a percentage of completion of 45.2%. The project has approximately 70,000 sq.m. leasable floor area and it features a climate protected and walkable mixed-use development with a 50% retail component. It is composed of nine independent 4-storey buildings. Around 60% of Parqal lot area is dedicated to lush green landscapes and recreational facilities.

Pixel Residences, the Company's first residential project has successfully turned over 99% of the total units.

We expect these upcoming developments to capture a possible resurgence in leasing space demand as efforts towards recovery continue to bear fruit. Notably, the government's vaccination program continue to progress with increasing average daily vaccination rate.

Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. The measures taken by the government to contain the virus have affected economic conditions and the Group's business operations. The following are the impact of the COVID-19 pandemic to the Group's business:

- interruptions in the construction of on-going projects;
- delays in the collection of accounts receivables from certain tenants affected by the pandemic;
- delays in collection from residential buyers on turnover balances of a completed project;
- temporary setbacks in pre-selling of residential units; and,
- additional administrative expenses were incurred to ensure health and safety of its employees and customers such as the frequent disinfection of facilities and COVID-19 testing for its employees.

In response to this matter, the Group has taken the following actions:

- re-evaluated schedules and completion of projects' under construction;
- launched digital platform and collection portal towards the end of the third quarter to provide convenient payment access to the customers;
- granted certain concession to tenants and buyers on a case to case basis;
- activated digital marketing initiatives to reach existing and potential residential buyers; and,
- implemented stringent health protocols within the Group's offices and project sites.

Based on the above actions and measures taken by management to mitigate the adverse effect of the pandemic, it projects that the Group would continue to report positive results of operations and would remain liquid to meet current obligation as it falls due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Project and Capital Expenditure

As of the period ended June 30, 2021, the Company already spent P5,807.6 million on its pipeline projects in which P463.7 million were spent during the first half of 2021.

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.

Issuer: **D.M. WENCESLAO & ASSOCIATES, INC.**

By:

DELFIN ANGELO C. WENCESLAO
Chief Executive Officer

ATTY. HEHERSON M. ASIDDAO
Chief Finance Officer

Date: August 12, 2021