

Praj Far East Philippines Limited Inc.

Financial Statements  
March 31, 2022 and 2021

and

Independent Auditors' Report

**PRAJ FAR EAST PHILIPPINES LIMITED INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and bank balance (Note 5)	<b>P3,097,038</b>	P1,569,425
Trade and other receivables (Note 6)	<b>7,633,215</b>	12,362,012
Other current assets (Note 7)	<b>19,391,375</b>	17,566,715
	<b>30,121,628</b>	31,498,152
<b>Noncurrent Assets</b>		
Construction-in-progress (Note 11)	–	4,725,221
	–	4,725,221
<b>TOTAL ASSETS</b>	<b>P30,121,628</b>	<b>P36,223,373</b>
<b>LIABILITY AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Note 9)	<b>P15,880,467</b>	P15,685,757
Income tax payable (Note 14)	<b>37,065</b>	4,279,377
	<b>15,917,532</b>	19,965,134
<b>Equity</b>		
Capital stock – P1 per share		
Authorized – 8,315,000 shares		
Issued and outstanding – 8,313,281 shares	<b>8,313,281</b>	8,313,281
Retained earnings (Note 15)	<b>5,890,815</b>	7,944,958
<b>Total Equity</b>	<b>14,204,096</b>	16,258,239
<b>TOTAL LIABILITY AND EQUITY</b>	<b>P30,121,628</b>	<b>P36,223,373</b>

*See accompanying Notes to Financial Statements.*



**PRAJ FAR EAST PHILIPPINES LIMITED INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Year ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>REVENUES FROM CONSTRUCTION CONTRACTS</b> (Note 10)	<b>₱26,684,189</b>	<b>₱25,341,602</b>
<b>COST OF CONSTRUCTION CONTRACTS</b> (Note 11)	<b>22,977,656</b>	<b>9,842,089</b>
<b>GROSS PROFIT</b>	<b>3,706,533</b>	<b>15,499,513</b>
<b>OPERATING EXPENSES</b> (Note 10)	<b>5,498,547</b>	<b>824,474</b>
<b>OTHER INCOME (EXPENSES)</b>		
Other income (Note 13)	–	211,481
Foreign exchange losses	(773,081)	(270,604)
	<b>(773,081)</b>	<b>(59,123)</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>(2,565,095)</b>	<b>14,615,916</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 14)	<b>(510,952)</b>	<b>4,384,895</b>
<b>NET INCOME (LOSS)</b>	<b>(2,054,143)</b>	<b>10,231,021</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>–</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(₱2,054,143)</b>	<b>₱10,231,021</b>

*See accompanying Notes to Financial Statements.*

**PRAJ FAR EAST PHILIPPINES LIMITED INC.****STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED March 31, 2020 and 2019**

	Capital stock	Retained earnings (Note 15)	Total
Balances at March 31, 2020	₱8,313,281	₱8,213,937	₱16,527,218
Total comprehensive income for the year	—	10,231,021	10,231,021
Declaration of dividends	—	(10,500,000)	(10,500,000)
Balances at March 31, 2021	8,313,281	7,944,958	16,258,239
Total comprehensive loss for the year	—	(2,054,143)	(2,054,143)
Balances at March 31, 2022	₱8,313,281	₱5,890,815	₱14,204,096

*See accompanying Notes to Financial Statements.*

**PRAJ FAR EAST PHILIPPINES LIMITED INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Years Ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	<b>(P2,565,095)</b>	P14,615,916
Adjustment for foreign exchange losses (gains) – net	<b>773,081</b>	270,604
Operating income before working capital changes	<b>(1,792,014)</b>	14,886,520
Decrease (increase) in:		
Trade and other receivables	<b>(7,948,856)</b>	9,589,513
Other current assets	<b>10,671,616</b>	(393,561)
Construction-in-progress	<b>4,725,221</b>	(4,725,221)
Increase (decrease) in trade and other payables	<b>3,385,087</b>	(15,984,487)
Net cash flows from (used in) operations	<b>9,041,054</b>	3,372,764
Income taxes paid	<b>(3,731,360)</b>	(1,422,241)
Net cash flows from (used in) operating activities	<b>5,309,694</b>	1,950,523
<b>CASH FLOWS FROM AN INVESTING ACTIVITY</b>		
Decrease (increase) in loans receivables	–	<b>4,725,221</b>
<b>CASH FLOWS FROM A FINANCING ACTIVITY</b>		
Dividends paid	<b>(3,009,000)</b>	(31,195,000)
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>2,300,694</b>	(17,688,977)
<b>EFFECT OF FOREIGN EXCHANGE LOSSES</b>	<b>(773,081)</b>	(270,604)
<b>CASH AT BEGINNING OF PERIOD</b>	<b>1,569,425</b>	19,529,006
<b>CASH AT END OF PERIOD</b>	<b>P3,097,038</b>	P1,569,425

*See accompanying Notes to Financial Statements.*

# **PRAJ FAR EAST PHILIPPINES LIMITED INC.**

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## **NOTES TO FINANCIAL STATEMENTS**

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### **1. Corporate Information**

Praj Far East Philippines Limited Inc. (the Company) was organized under the laws of the Republic of the Philippines and was authorized by the Securities and Exchange Commission (SEC) on August 17, 2012. It is primarily to engage in general construction, layout and other allied businesses including constructing, enlarging, repairing, removing, developing or otherwise engaging in any work upon buildings, plants, process equipments, roads, highways, bridges, airfields, piers, docks, mines, shafts, waterworks, railroads, railway structures, all iron, wood, masonry and earth construction, except for the construction and repair of locally-funded public works, and defense related structures, and to make, execute, bid for and take or receive any contracts or assignments of contract therefor, or in relation thereto, or connected therewith; and doing of any and all other business and contracting incidental thereto or connected therewith, and the doing and performing of any and all acts and things necessary, proper or convenient for and incidental to the furtherance and/or implementation of the purposes mentioned.

The Company's place of business is located at 17<sup>th</sup> Floor, Liberty Center, 104 H.V. Dela Costa Street, Salcedo Village, Makati City.

The financial statements of the Company as of and for the fiscal year ended March 31, 2022 and 2021 were authorized for issue by the Board of Directors (BOD) on May 12, 2022.

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### **2. Basis of Preparation and Statement of Compliance**

#### Basis of Preparation

The accompanying financial statements have been prepared under the historical cost basis and are presented in Philippine peso, which is the Company's functional and presentation currency.

#### Statement of Compliance

The financial statements have been prepared in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SE), as approved by the Philippine Financial Reporting Standards Council, Board of Accountancy and SEC.

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### **3. Summary of Significant Accounting Policies**

#### Cash

Cash pertains to cash on hand and with banks.

#### Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

#### *Revenue from Construction Contracts*

Revenue from construction contracts is recognized using the percentage of completion method, measured principally on the basis of actual costs incurred to date to the total estimated costs for each contract. As of reporting date, any additional income and cost that should be recognized on account of unbilled additional percentage of completion on the contracts in progress (CIP) is taken up in the books. Where appropriate, the cumulative effects of revisions of estimated total contract costs and revenues are recognized in the year in which the facts requiring the revisions become

known. When a loss is anticipated on a contract, the full amount thereof is charged to current operations.

#### Trade and other receivables

Trade and other receivables are recognized and measured at amortized cost using the effective interest rate (EIR) method. At each end of the financial reporting period, the carrying amounts of receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

If there is objective evidence that an impairment loss on receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original EIR (i.e., the EIR computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognized in the statement of comprehensive income.

#### Other Current Assets

Other current assets pertain to creditable withholding taxes, input value-added tax and advances to suppliers that will be utilized within 12 months after the reporting date.

#### *Creditable Withholding Tax (CWT)*

CWTs are amounts withheld from income subject to expanded withholding taxes (EWTs). CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs, which are expected to be utilized as payment for income taxes within twelve (12) months, are classified as current asset.

#### *Value-added Tax (VAT)*

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds from sales of goods and/or services (output VAT), the excess is recognized as an asset in the statement of financial position to the extent of the recoverable amount.

#### Trade and Other Payables

Trade and other payables are obligations on the basis of normal credit terms and do not bear interest.

#### Capital Stock

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the consideration received, net of direct costs of issuing the equity instruments. If the payment is deferred and time value of money is material, the initial measurement is on a present value basis.

#### Dividend Declarations

Dividends are recognized as a liability and deducted from equity when declared and approved by the BOD of the Company. Dividends for the year that are declared and approved after the balance sheet date are dealt with as an event after the balance sheet date.



### Cost and Expenses

Cost and expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Cost and expenses are generally recognized when the services are used or the expenses arise while interest expenses are accrued in the appropriate period.

#### *Cost of Construction Contracts*

Contract costs include all direct materials and labor costs, and those indirect costs related to contract performance. Estimated liability on construction contracts are recognized immediately when it is probable that the total contract costs will exceed the total contract revenues. The amount of such loss is determined irrespective of whether or not work has commenced on the contract, the stage of completion of contract work, or the amount of profits expected to rise on other contracts that are not treated as a single construction contract. Changes in contract performance and contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements which may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined.

#### *Operating Expenses*

Operating expenses consist of costs incurred in the day-to-day operations of the Company. These are generally recognized when the services are incurred or the expenses arise.

### Income Taxes

#### *Current Income Taxes*

Current income tax liabilities for the current and prior year periods are measured at the amount expected to be paid to the taxation authority at the basis of tax rates and laws that have been enacted or substantively enacted as at the reporting date.

#### *Uncertain Income Tax Positions*

Uncertainty about whether the taxation authority will accept the amounts reported to them by the Company affects the amounts of current and deferred tax assets and liabilities. The Company measures current and deferred tax assets and liabilities using the probability-weighted average amount of all the possible outcomes, assuming that the taxation authority will review the amounts reported and have full knowledge of all relevant information. Changes in the probability-weighted average amount of all possible outcomes shall be based on new information and not a new interpretation by the Company on information previously available.

### Related Parties

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### Contingencies

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

### Provisions

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

obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of revenues and expenses, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost

#### Events After the Reporting Date

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

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#### **4. Significant Accounting Judgments and Estimates**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements and the accompanying notes. The judgments and estimates used in the accompanying financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

##### Judgments

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

##### *Determination of functional currency*

Based on the economic substance of underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates and it is the currency that mainly influences the sale of services and the cost of providing the services.

##### Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *Asset impairment*

Internal and external sources of information are reviewed at each reporting date to identify indications that property and equipment and other assets may be impaired or an impairment loss previously recognized no longer exists or may be decreased. If any such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount.

The Company assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results; and
- significant negative industry or economic trends.

In 2022 and 2021, the Company has no provision for impairment losses on its nonfinancial assets.

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## 5. Cash and Bank Balance

The Company's cash and bank balance consists of:

	2022	2021
Cash in bank	<b>₱3,043,861</b>	₱1,492,082
Cash on hand	<b>53,177</b>	77,343
	<b>₱3,097,038</b>	₱1,569,425

Cash in bank represents current deposits maintained by the Company with a commercial bank.

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## 6. Trade and Other Receivables

	2022	2021
Trade receivables	<b>₱6,895,098</b>	₱11,903,895
Interest receivables	<b>458,117</b>	458,117
Other	<b>280,000</b>	—
	<b>₱7,633,215</b>	₱12,362,012

Trade and other receivables are noninterest-bearing and are generally on a 30-day term. Interest receivables on loans from Praj Far East Co. Ltd., which is payable in cash and are due and demandable (see Note 8).

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## 7. Other Current Assets

	2022	2021
Input VAT	<b>₱18,968,944</b>	₱16,567,284
Creditable withholding taxes	<b>367,138</b>	438,540
Advances to suppliers	<b>55,293</b>	560,891
	<b>₱19,391,375</b>	₱17,566,715

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## 8. Loans Receivable

On May 24, 2019, the Company extended a loan amounting to ₱11,555,500 to Praj Far East Co. Ltd, an affiliate and also a subsidiary of Praj Industries Ltds (the parent company). The loan earns interest of 2%, unsecured and was paid in full on March 2021. Interest income earned from the loan in 2021 amounted to ₱211,841.

Parties are considered to be related if one party has the ability to control, directly or indirectly, the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

## 9. Trade and Other Payables

	2022	2021
Trade payables	<b>₱4,756,254</b>	₱1,492,979
Dividends payable (Note 15)	<b>5,916,000</b>	8,925,000
Output VAT	<b>2,212,174</b>	181,378
Dues to customers relating to CIP (Note 11)	<b>474,370</b>	–
Advances from customers	<b>441,918</b>	2,757,200
Withholding tax payable	<b>177,500</b>	116,697
Final withholding tax on dividends (Note 15)	–	1,575,000
Others	<b>1,902,251</b>	637,503
	<b>₱15,880,462</b>	₱15,685,757

Trade payables pertain to due to suppliers and contractors for construction works done and material and supplies provided, these are normally non-interest bearing and settled within 30 to 60 days. Dues to customers relating to contracts in progress are obligation to customers for construction works that are excess in billing. Advances receive from customers are payments made as part of the construction agreement. These are non-interest bearing and are fully recoverable upon completion of the subcontractor's construction services. Others pertains to interest and penalties, bank guarantee fee and other non-trade payables.

On March 31, 2021, the Company' BOD declared cash dividends amounting to 10,500,000 to the stockholders on record as of March 31, 2021 (see Note 15).

## 10. Revenues from Construction Contracts

Revenue from construction contracts is recognized using the percentage of completion method, measured principally on the basis of actual costs incurred to date to the total estimated costs for each contract.

	2022	2021
Construction billings to date	<b>₱31,883,780</b>	₱13,500,759
Add:		
Opening balance of CIP	<b>(4,725,221)</b>	7,115,622
Closing balance of CIP (due to customers)	<b>(473,370)</b>	4,725,221
	<b>₱26,685,189</b>	₱25,341,602

Construction-in-progress are construction services performed by the Company that are unbilled, while due to customers are excess of billings over construction services performed.

# 11. Cost of Construction Contracts

	2022	2021
Subcontractor costs	<b>₱16,786,128</b>	₱8,498,619
Site expenses	<b>4,272,714</b>	146,352
Personnel cost	<b>937,905</b>	661,444
Insurance	<b>320,392</b>	10,425
Site allowance and charges	<b>177,000</b>	154,500
Local travel and conveyance	<b>120,468</b>	137,235
Bank guarantee commission	<b>100,700</b>	29,251
Communication	<b>28,311</b>	53,600
Entertainment and recreation	<b>10,038</b>	4,761
Taxes and licenses	–	6,500
Others	<b>224,000</b>	139,402
	<b>₱22,977,656</b>	₱9,842,089

Subcontractor cost pertains to direct construction cost incurred to complete the projects. Outside services pertains to billings for professional consultancy related to the construction contracts. Site expenses pertains to cost incurred in the construction site such as transportation, machineries and construction materials used. Others pertains to accommodation of staff in the construction site.

# 12. Operating Expenses

	2022	2021
Professional fee	<b>₱3,307,593</b>	₱780,306
Taxes and licenses	<b>1,301,210</b>	–
Bank charges	<b>21,284</b>	16,138
Interest and penalties	<b>677,210</b>	402
Others	<b>191,250</b>	27,628
	<b>₱5,498,547</b>	₱824,474

Professional fees are agreements for legal, accounting and other services. Visa charges are for staff immigration.

# 13. Other Income

Other income pertains to foreign exchange gain, interest income from loans receivable from Praj Thailand and other miscellaneous income (see Note 8).

#### 14. Income Taxes

The Company's provision for income tax in 2022 pertains to minimum corporate income tax (MCIT) amounting to ₱37,065 and 2021 pertains to regular corporate income tax amounting to ₱4,384,895. The reconciliation of income before tax to income tax due is as follows:

	2022	2021
Income tax at statutory rate of 20% and 30% in 2022 and 2021, respectively	(₱513,019)	₱4,384,775
Additions to (reductions in) income tax arising from:		
Net operating loss carry over (NOLCO)	390,161	—
Non-deductible expenses	122,858	120
MCIT	37,065	—
Effect of CREATE	(548,017)	—
	(₱510,952)	₱4,384,895

Details of the net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT) are as follows:

##### NOLCO:

Year of Recognition	Availment Period	NOLCO	Applied	Expired	Balance
2022	2023-2027	₱1,950,803	₱—	₱—	₱1,950,803

##### MCIT:

Year of Recognition	Availment Period	MCIT	Applied	Expired	Balance
2021	2022-2024	₱37,065	—	—	₱37,065

The CREATE Act is the second package of the Comprehensive Tax Reform Program that reduces the corporate income tax (CIT) rate from 30% to 20%. The following are its salient features:

1. CIT rate is reduced from 30% to 25% for large corporations, and 20% for small and medium corporations with net taxable income not exceeding ₱5 million, and total assets not exceeding ₱100 million (excluding land) effective July 1, 2020;
2. Minimum CIT (MCIT) rate is reduced from 2% to 1% effective July 1, 2020 to June 30, 2023;
3. Percentage Tax is reduced from 3% to 1% effective July 1, 2020 to June 30, 2023;
4. The improperly accumulated earnings tax shall no longer be imposed on corporations upon the effectivity of the CREATE onwards;
5. Qualified export enterprises shall be entitled to four to seven years Income Tax Holiday (ITH) to be followed by 10 years 5% Special CIT (SCIT) or enhanced deductions;
6. Qualified domestic market enterprises shall be entitled to four to seven years ITH to be followed by five years enhanced deductions;
7. Registered enterprises are exempt from customs duty on importation of capital equipment, raw materials, spare parts, or accessories directly and exclusively used in the registered project or activity;
8. Value-Added Tax (VAT) exemption on importation and VAT zero-rating on local purchases shall only apply to goods and services directly and exclusively used in the registered project or activity by a Registered Business Enterprise (RBE);

For investments prior to the effectivity of CREATE, RBEs granted only an ITH shall continue with the availment of the ITH for the remaining period of the ITH while RBEs granted an ITH + 5% Gross Income Tax (GIT) or currently enjoying 5% GIT shall be allowed to avail of the 5% GIT for 10 years.

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#### **15. Retained Earnings**

On March 31, 2021, the Company's BOD declared a cash dividend amounting to ₱10,500,000 or ₱1.26 per share, to stockholders on record as at March 31, 2021 payable within 12 months after the reporting period.

Final withholding tax on the dividends amounted to ₱1,575,000, as at March 31, 2021.

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#### **16. Subsequent Events**

##### Continuing involvement of COVID-19 pandemic

As the Covid-19 pandemic continues to evolve, the government is implementing additional measures to address the resulting public health issues and the economic impact. The Company assessed that the impact would be minimal, by developments and measures taken after the end of the reporting period. The Company continues to monitor the Covid-19 pandemic situation and will take further action as necessary in response to these economic disruptions.

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#### **17. Supplementary Information Required Under Revenue Regulations 34-2020 and 15-2010**

##### Disclosure requirement of RR 34-2020

The Company is not covered by the requirement and procedures for related party transactions provided under RR 34-2020.

##### Disclosure requirement of RR 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 which amends certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements accompanying the tax returns. It recognizes the disclosures of taxes, duties and licenses paid or accrued during the taxable year.

In compliance with the requirements set forth by RR No. 15-2010 hereunder are information on taxes and license fees paid or accrued during the taxable year 2021.

##### VAT

The National Internal Revenue Code of 1997 also provides for the imposition of VAT on sales of goods and services. Accordingly, the Company's sales are subject to output VAT while its importations and purchases from the VAT-registered individuals or corporations are subject to input VAT. Republic Act No. 9337 increased the VAT rate from 10.00% to 12.00% effective January 1, 2006.

- a. Gross Receipts and Output VAT declared in the Company's VAT returns filed for the year ended March 31, 2022.

	Gross Receipts	Output VAT
Gross receipts	₱18,434,783	₱2,212,174
Zero-rated	12,741,000	—
	<b>₱31,175,783</b>	<b>₱2,393,551</b>

Zero-rated are services to PEZA registered companies.

- b. Details of input VAT consist of:

Balance at April 1, 2020, net carry-forward output VAT	₱16,567,284
Current year's domestic purchases/payments for:	
Services lodged under cost of construction contracts	2,401,660
	18,968,944
Less: Application against output VAT	(2,212,174)
<b>Balance at March 31, 2021</b>	<b>₱16,756,770</b>

#### Withholding Taxes

The details of the Company's withholding taxes as at March 31, 2022 are as follows:

Expanded withholding taxes	₱424,292
Withholding tax on wages	187,081

#### Other Taxes and License

This includes all other taxes, local and national, including real estate tax, licenses and permit fees lodged under the "Taxes and licenses" account in the statements of income.

Tax deficiency	₱999,654
Business permit	300,006
Other	1,550
	<b>₱1,301,210</b>

#### Tax Assessment

During the fiscal year 2022, the Company was assessed for all revenue taxes and settled for the fiscal years 2019 amounting to ₱708,315 (inclusive penalties and surcharges).

During the fiscal year 2022, the Company was assessed for all revenue taxes and settled for the fiscal years 2015 amounting to ₱1,116,498 (inclusive penalties and surcharges).