# COVER SHEET

1 3 3 8 2 8

SEC Registration Number

P R I M E X C O R P O R A T I O N

(Company's Full Name)

G / F R I C H B E L T T E R R A C E S 19 A N N A P O -
L I S S T ., G R E E N H I L L S , S A N J U A N , M M

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

**Atty. Ericson O. Ang**

(Contact Person)

**722-5417/722-8078**

(Company Telephone Number)

| 1 2 | 3 1 | 2 0 - I S A | 0 6 | 1 4 |
|---|---|---|---|---|
| *Month* | *Day* | (Form Type) | *Month* | *Day* |
| (Fiscal Year) | | | (Annual Meeting) | |

(Secondary License Type, If Applicable)

**CFD**

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

**15**

Total No. of Stockholders

**2,765,940,974.00**

Domestic

Foreign

---

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**PRIMEX CORPORATION**
*a PRIME EXPONENT in choice real estate*

# NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of PRIMEX CORPORATION will be conducted virtually on **Friday, 14 June, 2024, at 11:00 A.M.**, the details of which can be found at http://www.primex.ph

The Agenda for the meeting is as follows:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Annual Meeting held on June 14, 2023
4. Presentation of Annual Report
5. Election of the Board of Directors (including Independent Directors)
6. Ratification of the Acts of the Board of Directors and Officers of the Corporation adopted in the ordinary course of business since the Annual Stockholders Meeting of June 14, 2023
7. Appointment of External Auditor
8. Consideration of such other business as may properly come before the meeting
9. Adjournment

**Record Date.** Only stockholders as of record date 30 April, 2024 are entitled to notice of, and to vote and be voted on during the Annual Stockholders' Meeting.

Stockholders who wish to participate in the meeting via remote communication and to vote should pre-register through **https://bit.ly/PRIMEXStockHoldersMeeting2024** until 5:00 p.m. of 05 June, 2024.

Qualified pre-registered stockholders will be provided access to the live streaming of the meeting and can participate and cast their vote/s.

**Proxies. The Corporation is not soliciting your proxies.**

**Relevant Documents.** Pursuant to SEC's Notice dated 20 April 2020, copies of the Company's Definitive Information Statement, Management Report, SEC Form 17-A and other relevant documents shall be made available and accessible through the Company's website at the following link http://www.primex.ph

(Sgd) **KARLVIN ERNEST L. ANG**
Corporate Secretary

*Ground Flr Richbelt Terraces, #19 Annapolis St., Greenhills, San Juan, Metro Manila*
*Telephone Nos.: 8722-5669 * 8722-8078 * 8722-5417 * 8721-1261*

## SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20**
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [ ] Preliminary Information Statement

   [ x ] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PRIMEX CORPORATION**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number: **133828**

5. BIR Tax Identification Code: **420-000-188-756**

6. **G/F RICHBELT TERRACES 19 ANNAPOLIS ST., GREENHILLS, SAN JUAN** **1502**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code: **(632) 8722-80-78**

**8.** **June 14, 2024, 11:00 am. Via remote communication**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   **May 19, 2024**

*10.* *In case of Proxy Solicitations:*

   ***Name of Person Filing the Statement/Solicitor:*** N/A

   ***Address and Telephone No.:*** N/A

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

| Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding |
|---|---|
| **COMMON** | **2,344,168,472** |

12. Are any or all of registrant's securities listed in a Stock Exchange?

   Yes x No ____

   If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

   **COMMON SHARES** **PHILIPPINE STOCK EXCHANGE**

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

INFORMATION REQUIRED IN INFORMATION STATEMENT

**Date, Time and Place of Annual Meeting of Security Holders**

June 14, 2024, 11:00 a.m.
Principal Office Via Remote Communication
Ground Floor, Richbelt Terraces
19 Annapolis St., Greenhills
San Juan, Metro Manila

**Complete Address of Principal Office of Registrant**

Ground Floor, Richbelt Terraces
19 Annapolis St., Greenhills
San Juan, Metro Manila

**Approximate date on which the Information Statement is first to be sent or given out to security holders**

May 19, 2024

**Dissenter's Right of Appraisal**

With respect to any matter to be acted upon at the annual meeting which may give rise to the right of appraisal, in order that a dissenting stockholder may exercise his appraisal right, such dissenting stockholder shall have voted against a proposed corporate action and shall, within thirty (30) days after the annual meeting at which such stockholder voted against the corporate action, make a written demand on the Registrant for the value of his shares. The procedure to be followed in exercising the appraisal right shall be in accordance with Sections 81 to 86 of the Corporation Code. The Issuer is not aware of any matters to be taken up during the stockholders meeting that will entitle a shareholder to exercise a Right of Appraisal as provided in Title X of the Corporation Code.

**Voting Securities and Principal Holders Thereof**

The number of shares outstanding and entitled to vote in the stockholders' meeting as of April 30, 2024 is 2,344,168,472 common shares**.** Foreign ownership in the company's common shares of stock as of April 30, 2024 is 90,951,188 shares or 3.879 % of total issued shares while listed shares at the Philippine Stock Exchange is 2,344,168,472 shares. The record date for purposes of determining stockholders entitled to vote in the meeting is April 30, 2024. Stockholders are entitled to cumulative voting in the election of directors, as provided in the Corporation Code. There are no conditions precedent for the exercise of the cumulative voting rights in the election of directors. Cumulative voting shall be allowed in the election of directors.

**Interest of Certain Persons in or Opposition to Matters to be Acted Upo**n

Other than election to office, there is no matter to be acted upon in which any director, executive officer, or nominee for election as director, is involved or has a direct, indirect or substantial interest. There is also no incumbent director who has informed the Company in writing that he/she intends to oppose any action to be taken at the Annual Stockholders' Meeting.

**Security Ownership of Certain Record and Beneficial Owners**

The persons known to the Registrant to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the registrant's voting securities as of April 30, 2024 are as follows:

| Title of Class | Name/Address of Record/ Beneficial Owner | Amount & Nature shareholdings | Citizenship | Percent of Class |
|---|---|---|---|---|
| Common | Ernesto O. Ang<br>6 Young St.<br>Corinthian Gardens<br>Quezon City | 573,948,330 (Indirect) | Filipino | 24.484 |
| Common | Annetta C. Ang<br>Suite 303, 1109<br>Narra St., Manila | 137,778,335 (Indirect) | Filipino | 5.877 |
| Common | Emilio O. Ang<br>51 Flamengo St.<br>Green Meadows<br>Quezon City | 159,895,000 (Indirect) | Filipino | 6.821 |
| Common | Edgard O. Ang<br>Suite 14-A<br>Greenrich Mansion<br>Lourdes St., Pasig | 193,235,000 (Indirect) | Filipino | 8.243 |
| Common | Ericson O. Ang<br>Ph-B Richbelt Terraces<br>Annapolis St.<br>Greenhills, S.J. | 198,618,330 (Indirect) | Filipino | 8.473 |
| Common | Primex Development Corp. | 565,214,807 (Direct) | Filipino | 24.111 |

* Indirect shares of Mr. Ernesto O. Ang are lodged under Highvalue Holdings, Inc., which Mr. Ernesto O. Ang, owns and controls.
* Indirect shares of Atty. Ericson O. Ang are lodged under 5 Calibre Holdings, Inc. , which is owned and controlled by Atty. Ericson O. Ang.
* Indirect shares of Mr. Edgard O. Ang are lodged under Excellar Holdings Inc. which he owns and controls.
* Indirect shares of Mr. Emilio O. Ang are lodged under High Integritas Holdings Inc. which he owns and controls.
* Indirect shares of Ms. Annetta C. Ang are lodged under EA Hok Ki Holdings Corp. which the family of Eduardo O. Ang(deceased) owns and controls.
* Primex Development Corporation is an affiliate company of Primex Corporation and both company shares the same common management and majority shareholders.

**Voting Trust Holders of 5% or more**

Registrant has no voting trust holders of 5% or more of its total outstanding capital stock.

**Security ownership of Management**

| Title of class | Name of owner | Position | Amount & Nature of ownership | Citizenship | Percentage |
|---|---|---|---|---|---|
| Common | Ernesto O. Ang | Chairman/ President | 573,948,330 (Indirect) | Filipino | 24.484 % |
| Common | Annetta C. Ang | Director | 137,778,335 (Indirect) | Filipino | 5.877 % |
| Common | Emilio O. Ang | Exec .VP. & Director | 159,895,000 (Indirect) | Filipino | 6.821 % |
| Common | Edgard O. Ang | Treasurer & Director | 193,235,000 (Indirect) | Filipino | 8.243 % |

| | | | | | |
|---|---|---|---|---|---|
| Common | Ericson O. Ang | Vice-Pres. & Director | 198,618,330 (Indirect) | Filipino | 8.473 % |
| Common | Karlvin Ernest L. Ang | Corporate Secretary | 400,000 (direct) | Filipino | 0.017 % |
| Common | Kerwyn Ernest L. Ang | Director/VP | 1,000 (direct) | Filipino | 0.000 % |
| Common | Willy G. Ong | Independent Director | 20,000(direct) | Filipino | 0.000 % |
| Common | John Andrew Ma Yam | Independent Director | 485,000(direct) | Filipino | 0.020 % |

As of April 30, 2024, the total number of common shares owned by all Directors and Officers as a group unnamed is 1,264,380,995 which is equivalent to 53.937 % of the total issued and outstanding number of common shares of the registrant.

**Change in Control**

Registrant has no knowledge of any arrangement which may result in a change in control of the Registrant.

**Directors and Executive Officers**

The Directors of the Company are elected to hold office for one (1) year until the next annual meeting or until their respective successors have been elected and qualified. The incumbent directors were elected during the annual stockholders' meeting held last June 14, 2023 wherein all the directors were present. The names of the incumbent directors and executive officers of the company and their respective periods of service, ages, current positions held and business experience during the past five years are as follows:

| Directors | Age | Citizenship | Period served |
|---|---|---|---|
| Ernesto O. Ang | 77 | Filipino | 1986 to present |
| Annetta C. Ang | 75 | Filipino | 2021 to present |
| Emilio O. Ang | 71 | Filipino | 1986 to present |
| Edgard O. Ang | 64 | Filipino | 1998 to present |
| Ericson O. Ang | 61 | Filipino | 1998 to present |
| Kerwyn Ernest L. Ang | 38 | Filipino | 2021 to present |
| Karlvin Ernest l. Ang | 43 | Filipino | 2009 to present |
| John Andrew Ma Yam* | 43 | Filipino | 2021 to present |
| Willy G. Ong* | 59 | Filipino | 2014 to present |

* Independent Director

**Nomination Committee Members:**
Chairman: Ernesto O. Ang
Members: Atty. Ericson O. Ang
Mr. John Andrew Ma Yam

**Audit Committee Members:**
Chairman: Mr. Willy G. Ong
Members: Ms. Annetta C. Ang
Mr. Emilio O. Ang

**Compensation/Remuneration Committee Members:**
Chairman: Ernesto O. Ang
Members: Willy G. Ong
Annetta C. Ang

**Corporate Governance Committee Members:**

| | |
|---|---|
| Chairman: | John Andrew Ma Yam |
| Members: | Annetta C. Ang |
| | Willy G. Ong |

**Related Party Transactions Committee Members:**

| | |
|---|---|
| Chairman: | Annetta C. Ang |
| Members: | Willy G. Ong |
| | John Andrew Ma Yam |

**Lead Director:** Willy G. Ong

| Executive Officers | Age | Citizenship | Position |
|---|---|---|---|
| Ernesto O. Ang | 77 | Filipino | President |
| Emilio O. Ang | 71 | Filipino | Vice-President |
| Edgard O. Ang | 64 | Filipino | Treasurer |
| Ericson O. Ang | 61 | Filipino | Vice-President-Legal |
| Karlvin Ernest L. Ang | 43 | Filipino | EVP/Corporate Secretary |
| Kerwyn Ernest L. Ang | 38 | Filipino | Vice President |

**Ernesto O. Ang** , 77 years old, Filipino, has been the President and Chairman of the Board of the Company since its inception. He is concurrently a Director of the following corporations: Omega Lumber Corporation, Primex Development Corporation, Primex Domains, Inc., Omega Fishfarm Corporation, Primex Realty Corporation, Primex Land, Inc., Meycauyan Market Corporation and Richville Development Ltd.

**Emilio O. Ang,** 71 years old, Filipino, has been with the company since 1986 as Director and Vice-President. He is the Managing Director of Farmlake Corporation and Omega Fisheries Corporation. He also holds directorship in Omega Lumber Corporation, Primex Development Corporation, Primex Domains, Inc., Primex Realty Corporation and Primex Land, Inc.

**Edgard O. Ang** , 64 years old, Filipino, is the Treasurer and Chief Financial Officer of the Company. He is also a Director of Primex Domains, Inc., Primex Realty Corporation, Primex Land, Inc., and Primex Development Corporation.

**Ericson O. Ang** , 61 years old, Filipino, is the Vice-President for Legal Affairs of the company. He is concurrently a Director of Primex Domains, Inc., Primex Realty Corporation, Primex Land, Inc. and Primex Development Corporation.

**Kerwyn Ernest L. Ang,** 38 years old, Filipino, a Director of the company since 2021. He is also the President of Exzzon Corporation, Citicem Corporation and Megainfra Corporation.

**Karlvin Ernest L. Ang**, 43 years old, Filipino, corporate secretary, he is the Chairman and President of Novelty Specialist, Inc. and Chairman of Head High Venture Holdings Corporation. He is an alumnus of the De la Salle University where he graduated with a Bachelor’s Degree in Business Management.

**Annetta C. Ang,** 75 years old, Filipino, served the unexpired term as director of spouse Eduardo O. Ang (deceased). She has been a shareholder and officer of EA Hok Ki Holdings Corporation. She, likewise, served as a Sales officer of Omega Lumber Corporation for more than 10 years.

**Willy G. Ong,** 59 years old, Filipino, is concurrently the President of Willex Printing and also the Vice President of Sureprint Packaging Corporation. Mr. Ong holds a Bachelor of Science degree in Industrial Management Engineering from the De La Salle University. He was previously the Production head, Desktop Publishing Division (1988-1992) of Microprint, a large printing company in San Francisco, California, USA.

**John Andrew Ma Yam M.D.**, 43 years old, Filipino, is a Cardiac Surgeon by profession. He specializes in minimally invasive and beating heart bypass surgery. He received his medical degree from the University of Santo Tomas and finished his cardiac surgery training at the Phil. Heart Center. Underwent training on minimally invasive bypass surgery at the Brussels Heart Center, Belgium and Ichinomiyanishi Hospital, Japan. He is a member of the Phil. Assn. of Thoraic and Cardiovascular Surgeons, Inc. and the Phil. Medical Association..

**Dr. Antonio S. Abacan Jr. ,** 81 years of age, is a former Monetary Board Member of the Bangko Sentral ng Pilipinas. Among the most prestigious positions previously held was as Group Vice Chairman of the Metrobank Group of Companies. He held the position of Board Chairman in numerous big companies, including the likes of Toyota Motor Services, Manila Medical Services, Inc. and Manila Tytana Colleges. Mr. Abacan holds a Doctorate of Business Administration (Honoris Causa) from the Philippine Women's University. He is a Bachelor of Science in Business Administration graduate from the Mapua Institute of Technology and a Major in Accounting from the Far Eastern University. He also holds a degree from the Stanford University Graduate School of Business.

**Nominees for Election as Members of the Board of Directors (including Nominees for Independent Directors)**

In the approval of nominations for independent directors, the company has a Nomination Committee composed of three (3) members of the Board of Directors, one of whom is an independent director. The committee evaluates the qualifications of all nominees to the Board of Directors, including the independent directors. After the nomination, the committee shall prepare a final list of candidates which shall contain all the information about all the nominees. Only nominees whose names appear in the final list of candidates shall be eligible for election as independent director/s. No other nomination shall be entertained or allowed on the floor during the actual annual stockholders meeting.

The foregoing procedures are essentially based on the guidelines prescribed in SRC Rule 38 covering the Guidelines on Nomination and Election of Independent Directors. All the incumbent directors are nominated for re-election. No director are holding directorship in other listed companies.

The following nominees for independent director have possessed all the qualifications and none of its disqualifications:

**Dr. Antonio S. Abacan Jr. –** nominated for election as an Independent Director by Ernesto O. Ang with whom he has no relations.

**John Andrew Ma Yam MD. –** nominated for re-election as Independent Director by Mr. Karlvin Ernest L. Ang with whom he has no relations.

**Significant Employees**

There is no person, other than the executive officers, who is expected by the Registrant to make significant contributions to the business.

**Family Relationship**

The following directors/executive officers of the Company are siblings: Ernesto O. Ang, Emilio O. Ang, Edgard O. Ang, and Atty. Ericson O. Ang while Ms. Annetta C. Ang is the spouse of deceased director, Eduardo O. Ang. Mr. Karlvin Ernest L. Ang and Mr. Kerwyn Ernest L. Ang are the eldest and youngest sons of company President Ernesto O. Ang, respectively.

**Involvement of Directors and Officers in Certain Legal Proceedings**

None of the directors and officers were involved during the past five (5) years up to latest date in any bankruptcy proceeding. Neither have they been convicted by final judgement in any criminal proceeding, or been subject to any order, judgement or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or likewise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative bodies to have violated a securities or commodities law.

**Certain Relationship and Related Transactions**

On March 30, 2015, the Company entered into an agreement to purchase Php 140,000,000.00 worth of shares of stock representing a 70 % stake in Primex Realty Corporation, an affiliated company also dealing in real estate development. On January 17, 2018, the Company acquired full ownership and control of Primex Realty Corporation, thereby making it a wholly-owned subsidiary.

Since the date of the last annual meeting of security holders, no director has resigned nor declined to stand for re-election to the Board of Directors because of a disagreement with the company on any matter relating to the company's operations, policies or practices. **There were no disclosure by directors on self-dealing and related party transactions.**

**Executive Compensation**

| SUMMARY COMPENSATION TABLE | 2024 (Estimated) | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|
| (in Thousands) | Salary/Fee | Bonus | Salary/Fee | Bonus | Salary/Fee | Bonus |
| **Directors** | 450 | | 90 | | 90 | |
| **Officers:**<br><br>ERNESTO O. ANG<br>Chairman & President<br><br>EMILIO O. ANG<br>Exec. Vice-Pres.<br><br>EDGARD O. ANG<br>Treasurer & CFO<br><br>ERICSON O. ANG<br>Vice-President- Legal<br><br>KARLVIN ERNEST ANG<br>Corporate Secretary | | 236 | $ | 236 | | 236 |
| Total Officers | P 5,458 | | P 5,458 | | P 5,458 | |
| **All other directors / officers as a group unnamed** | 5,548 | P 236 | P 5,548 | P 236 | P 5,458 | P 236 |

***There were no other annual compensation for the officers and directors of the company.**

The Top Five (5) highly compensated executive officers are:

Ernesto O. Ang President/CEO
Emilio O. Ang Vice-President
Ericson O. Ang Vice-President-Legal

| | |
|---|---|
| Edgard O. Ang | Treasurer-CFO |
| Karlvin Ernest L. Ang | Corporate Secretary/EVP |
| Kerwyn Ernest L. Ang | Vice President |

There are currently no separate employment contracts between the Registrant and its named executive officers other than the regular employment agreements that all officers are subject to. There are no outstanding warrants or stock options held by the directors or executive officers. Started in the year 2006, it was agreed that each director shall receive a fixed annual per diem of Php 10,000.00 only. There are no other annual compensation for the members of the Board of Directors,

**Authorization or issuance of Securities**

There are no authorization or issuance of securities other than for exchange.

**Modification/Exchange of Securities**

There are no modification or exchange of securities,

**Financial and Other Information**

There are no action to be taken with respect to any matter on authorization or issuance of securities or modification/exchange of securities,

**Merger, Consolidation, Acquisition & Similar Matters**

There are no action to be taken with respect to any transaction involving any merger, consolidation, acquisition and other similar matters.

**Acquisition/Disposition of Property**

There are no acquisition nor disposition of any property of the registrant.

**Restatement of Accounts**

There are no restatement of accounts on assets, Capital or Surplus.

**Matters not required to be submitted**

There are no matters not required to be submitted in the event a negative vote on the matter by the security holders.

**Other Proposed Action**

There are no action to be taken on other proposed actions.

**Other Matters**

**There were no appraisal and performance report for assessment except for the attendance record of the directors.**

**Independent Public Accountant**

The accounting firm of Sycip Gorres Velayo & Co. has been the Company's independent Public Accountant since 1995. The same firm is being recommended for appointment by the stockholders on June 14, 2023. There was no event where the company and SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure. Representatives of the said firm are expected to be present at the security holders' meeting to respond to appropriate questions they can shed light on.

In compliance with SRC rule 68, paragraph 3(b)(iv), the external auditors of the financial statements of the Company shall be rotated every five (5) years. The incumbent external auditor of the company is Ms. Maria Antoniette L. Aldea while the Audit Committee of the Company is chaired by independent director Willy G. Ong and has Annetta C. Ang and Emilio O. Ang as members. The Independent Public Accountants are willing to stand for re-election.

**Action with Respect to Reports**

The Company will submit to the shareholders for approval the following:

1. Minutes of the Regular Stockholders Meeting held on June 14, 2023; The Minutes reflect the following: i) election of members of the Board for 2023-2024; ii) approval of the annual report.
2. 2023 Annual Report with Audited Financial Statements;
3. Ratification of the acts of the Board of Directors and officers of the corporation during the year 2023 including:
    a. Appointment of Professionals Stock Transfer Inc. as the official Stock Transfer Agent of the Company;.
    b. Approval to hold 2023 Annual Stockholders meeting on June 14, 2023 via remote communication.
    c. To approve and authorize the release of the Company's Consolidated Financial Statements for the years 2021, 2022 and 2023 as audited by its External Auditors, the Sycip, Gorres, Velayo (SGV) accounting firm.
    d. To approve the proxies for attendance at the Annual Homeowners Meeting of the Richdale Subdivision;.
    e. To approve the declaration of a cash dividend of P 0.0027 /share to all holders of the company's common shares as of Record Date Aug 04, 2023 and a Date of Payment on August 30, 2023.
    f. To approve the sale of company vehicles with plate nos. XFP-163 and XLS-610;
    g. To appoint Board Committee members, Officers of the Company;
    h. Grant of Right of Way for Meralco along Mt. Everest and Mt. Elbert, Richdale Subdivision.

These acts are covered by Resolutions of the Board of Directors duly adopted in the normal course of trade and business.

**Amendments of Charter, By-laws and other documents**

The Company has amended its by-laws to incorporate the procedures for the nomination and election of independent directors in accordance with the requirements of SRC Rule 38, including the qualifications and disqualifications of Independent Directors. Also amended is the number of directors which was increased to Nine (9), inclusive of two (2) Independent directors. In a special stockholders meeting held on January 29, 2016, stockholders representing more than two-thirds of the shareholders of the company approved a resolution for the change in par value of the company's common stock from Php 1.00/share to Php 0.20/share.

**Voting Procedures**

The foregoing matters will require the affirmative vote of a majority of the shares of the Company present or represented and entitled to vote at the Annual Meeting. Likewise, directors shall be elected upon the majority vote of the shares present or represented and entitled to vote at the Annual Meeting. The election is executed through balloting, show of hands or viva voce or by other means approved by the stockholders.

Only stockholders of record at the close of business on April 30, 2024 of the 2,344,168,472 Common shares of the Company may vote at the Stockholders' Meeting. Each share of stock outstanding is entitled to one vote. Cumulative voting shall be allowed in the election of the members of the Board of Directors.

**In the election of directors and in voting on any question on which a vote by ballot is required by law, the voting shall be by ballot. On all other questions, the voting shall be by viva voce unless voting is demanded by the stockholders representing at least 20% of the outstanding capital stock entitled to vote.**

Atty. Ericson O. Ang, Compliance Officer of the Company, shall be authorized to count the votes to be cast. In past meetings of stockholders, considering that the number of nominees is the same as the number of board seats, no actual balloting was undertaken.

The results of voting in past stockholders meetings have always been unanimous.

**As in all other previous annual or special stockholders meetings, an open forum is always held to take consideration of such other business as may properly come before the meeting. No questions were raised in all other previous meetings. In the latest annual stockholders meeting held on June 14, 2023, all officers and directors were present.**

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is duly signed in the City of San Juan, Metro Manila on May 16, 2024

**PRIMEX CORPORATION**
By:

**KARLVIN ERNEST L. ANG**
Corporate Secretary

# PRIMEX CORPORATION
*a PRIME EXPONENT in choice real estate*

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Primex Corporation** is responsible for the preparation and fair presentation of the financial statements including the schedule attached therein, for the years ended 2021, 2022 and the year ended December 31, 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible from assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Sycip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

ERNESTO O. ANG
Chairman of the Board

ERNESTO O. ANG
Chief Executive Officer

SUBSCRIBED AND SWORN TO BEFORE ME THIS APR 16 2024 IN QUEZON CITY

EDGARD O. ANG
Chief Financial Officer/Treasurer

ATTY. CONCEPCION P. VILLAREÑA
Notary Public for Quezon City
Until December 31, 2024
PTR No. 5605783 / January 03, 2024 Q.C
IBP No. 392503 / January 04, 2024 Q.C
Roll No. 30457 / 05-09-1980
MCLE VII-0006994 / 03-21-2021
ADM. MATTER No. NP-021 (2024-2025)
TIN NO. 131-942-754
Matalino Corner Malakas ST., Brgy. Central
District IV, Diliman Quezon City

DOC# 478
PAGE# 97
BOOK# 13
SERIES OF 2024

## REPORT ACCOMPANYING INFORMATION STATEMENT
## REQUIRED UNDER SEC RULE 17

### Audited Consolidated Financial Statements

The audited consolidated financial statements of the registrant as of December 31, 2023 and the unaudited statement for the first quarter of 2024 and the Statement of Management's Responsibility for the Financial Statements are attached hereto.

### General Nature and Scope of Business

Primex Corporation was incorporated on July 17, 1986 and is primarily engaged in the real estate business in all its aspects, to purchase, lease, or in any manner dispose of or deal with lands and other real properties. The Company listed its common shares in the Philippine Stock Exchange on August 10, 2001. The company has completed two high-end residential projects, namely Goldendale Village in Malabon and The Richdale in Antipolo Cty. The company has real estate held for future development situated in various strategic locations geared for both horizontal and vertical developments. The Company's thrust in real estate development is primarily geared towards consumers belonging to the upper-income brackets.

### Management's Discussion and Analysis of Financial Condition and Results of Operation

### For the interim period ended March 31, 2024

For the first three months of the year 2024 ended March 31, the Company consummated Real estate sales amounting to Php 175.799 M , as compared with no reported real estate sales for the same period last year. This resulted in a realized gross profit from sales of Php 126.530 M as against nil for the same period last year. Total Expenditures for the 3-month period was up by 77 %, from Php 35.798 M of the same period last year to Php 63.374 M for the 1$^{st}$ period this year. No significant changes were reported under Salaries, Bonuses and Employees' Benefits; Taxes and Licenses more than doubled, from Php 4.533 M for the 1sr quarter last year to Php 11.862 M on account of taxes and fees related to the company's loans ; the 26 % drop in Depreciation expense was due to full depreciation of some equipments while the reduced utilization of company heavy equipment was responsible for the 19 % drop in Gas & Oil, from Php 0.267 M to Php Php 0.216 M; no Broker's fees were paid out for the period on account of walk-in sales; Security service expense, which was Php 0.556 M in the same period last year, was significantly down to Php 0.082 M on account of reduced number of security guards; Professional Fees which was Php 0.040 M for the same period last year was upped to Php 0.071 M on account of fees paid for public relations services while Repairs and Maintenance was down, from Php 13.065 M to Php 1.894 M on account of reduced repair and maintenance works of the company's heavy equipment; Interest expense rose from Php 1.837 M to Php 36.205 M as the company's bank loans for the development of Primex Tower was classified as an expense. While Rental expense was almost unchanged.

Revenues from Other Income sources earned during the 1st quarter was almost at the same level as that of the same period last year except for Interest Income which increased by eight-fold, from Php 0.270 M to Php 2.499 M on account of maturity of installment sales contracts. Rental Income, which was Php 46.052 M for the same period last year was almost at par with the Php 43.326 M. With the significant rise in real estate sales consumated during the first 3-months of the year as its only major factor, the Company was able to record an income before tax of Php 110.132 M, as compared with the Php 12.947 M in income earned during the same period last year.

### Financial Condition

The Company's Balance sheet reflects a 2.4 % rise in Total resources. Total Assets, which stood at Php 5,162.434 M as of yearend 2023, is now pegged at Php 5,286.568 million. Cash on hand, which stood at Php 28.576 M at yearend 2023, was up to Php 49.058 M as of March 31, 2024 due to increased rental income. Receivables which was only Php 49.622 M as of yearend 2023 rose to Php 204.150 M due to sales of units of the Primex Tower on Installment basis while Real Estate held for Sale remains almost unchanged. Accounts and other payables declined by 10 % while Total Current Liabilities dropped by 15.5 %.

There are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the company.

**Full Fiscal Years**

**2023**

For the year 2023 ended December 31, the Company accomplished Real Estate sales totaling Php 126.983 M, which are all from the sales of units at the Primex Tower. This year's total real estate sales is 28 % higher than the Php 98.932 M sold last year and is 320 % more than the Php 29.622 M in 2021. Rental Income earned for the 12 months of 2023 amounted to Php 127.132 M, which is 164 % more than the Php 48.739 M of the previous year and 195 % higher than the Php 43.286 M earned in 2021. Interest Income earned for the year reached Php 0.830 M, which is 36 % lower than the Php 1.364 M of 2022 and 61 % less than the Php 2.130 M of 2021. Miscellaneous Income contributed Php 10.747 M during the 12 month period, 24 % less than the Php 14.184 M contributed in 2022 and a 32 % decline than the Php 15.762 M earned in 2021. Cost of Real Estate Sales was recorded at Php 49.438 M , or 25 % more than the Php 39.388 M spent in 2022 and almost double the Php 17.664 M spent in 2021, mainly on account of units of the Primex Tower. Interest Expense spent amounted to Php 19.474 M, which is 142 % higher than the Php 8.019 M incurred last year and double the Php 9.647 M spent in 2021.

General and Administrative Expenses for the year reflected minimal changes as compared with the same period last year but showed a 20 % increase from 2021 level, from Php of last year 70.969 M and Php 58.377 M of 2 year's ago to Php 70.342 M. Taxes and Licenses expense for the year was identical at the Php 15 M level but was 39 % less than the Php 24.849 M incurred in 2021, due to lesser amounts of Documentary Stamp Tax payment. Depreciation expense, which was Php 6.023 M for the year 2021 , decline by 8 % to Php 5.519 M last year and remained at the Php 5 M in 2023. Salaries, wages and employee benefits, recorded a 8.6 % rise over the previous 2 years which remains basically unchanged at the Php 9 M levels. The Php 10.717 M spent for Light, Water and Dues was 45 % less than the Php 19.46 M last year but is 120 % more than the Php 4.88 M in 2021 on account of the payment of accumulated and accrued association dues of the Stratosphere of company owned units. Commission paid out remained basically unchanged for the past 3 years. Insurance expense more than doubled, from Php 0.733 M last year to Php 2.00 M due to insurance coverage for units of the Primex Tower. Retirement expense rose by more than 30 % over 2022 and 2021 levels which remains basically unchanged at the Php 0.600 M level.. The 11 % rise in Gas and Oil expense to Php 1.092 M was due to higher petroleum prices. While reduced utilization of company vehicles to provide transportation to employees resulted in a 42 % decline in Communication and transportation expense which remains basically unchanged for the 2 previous years. No significant changes are reflected in Security, Messengerial and Janitorial Expense for the 3-year period. Repairs and Maintenance was significantly up, from Php 0.572 M in 2021 and Php 6.895 M for the same period last year to Php 12.814 M due to cost of new spare parts and repairs and maintenance of heavy equipment. Miscellaneous expense was almost the same at the Php 5.009 M level.

The Company's Balance Sheet reflects a 7 % rise as of December 31, 2023. Total Assets, which stood at Php 4,827,230 M as of December 31, 2022 now stands at Php

5,162.434 M. Cash, which was Php 37.769 M as of yearend 2022 decreased to Php 28.576 M on account of the payment to contractors and suppliers of materials for Primex Tower. Receivables was down to Php 49.622 M , from Php 73.617 M due to maturity of installment payment schemes. Real estate held for sale rose by 6 %, from Php 3,042,457 M as of yearend 2022 to Php 3,233,979 M as of December 31, 2023. From Php 637.305 M as of yearend 2022, Property and Equipment rose to Php 790.070 M as of December 31, 2023. Total Current Liabilities rose by 20 %, from Php 1,014.283 M as of yearend 2022 to Php 1,225.193 as of December 31, 2023. Likewise, Total Liabilities jumped by 9 %, from Php 2,805.145 M to Php 3,052.394 M by yearend 2023.

In summation, the more than 62 % rise in Total Income for the year was solely the reason for the increase to Php 126.437 M in Income before Tax for the year, which is almost a 3 times the amount of the Php 44.842 M earned last year. Net Income earned amounted to Php 94.795 M which is 180 % more than the Php 33.631 M of the previous year.

**2022**

For the twelve months of 2022 ended December 31, the Company had a total of Php 98.932 M in real estate sales, in which Php 65.027 M are sales from Primex Tower, Php 19.888 M are from sales of Goldendale Subdivision while The Richdale contributed Php 14.016 M in sales. This year's total real estate sales is 230 % more than the Php 29.622 M in sales sold last year but is only 18% that of real estate sales in 2020. Rental Income earned totaled Php 48.739 M, a 12 % increase from the Php 43.286 M of the previous year but is 47 % less that of the Php 92.688 M of 2020. Interest Income from Real Estate sales reached Php 1.364 M for the year, a 36 % drop off the Php 2.130 M of last year but is only 27 % of the interest income earned in 2020. Miscellaneous income contributed Php 14.184 M, as compared with the Php 1.708 M of 2021 and which was nil in 2020. Cost of real estate sales amounted Php 39.388 M as compared with the Php 17.664 M of the previous year and the Php 324.276 M incurred in 2020.

General and administrative expense increased by 20 % to Php 70.969 M, up from the amounts incurred in the previous year which is Php 58.377 M and is 52 % more than the Php 46.087 M incurred in 2020. Taxes and Licenses expense which totaled Php 24.849 M in 2021 and Php 15.965 M in 2020 dropped to Php 9.620 M for the year , due to minimal or reduced payment of Documentary Stamp Tax. Depreciation expense, which was Php 6.023 M for the year 2021 , decline by 8 % to Php 5.519 M. Salaries, wages and employee benefits, remains basically unchanged. The Php 19.460 M spent for Light, Water and Dues was three times more the Php 4.880 M last year and 10 times more than the Php 1.9410 M in 2020 on account of the payment of accumulated and accrued association dues of the Stratosphere of company owned units.. Commission paid out rose to Php 1.714 M as compared with Php 1.534 M and Php 2.110 M, respectively of the past two years due to increased real estate sales. Insurance expense increased by 70 % , from Php 0.433 M to Php 0.733 M. Retirement expense remains basically unchanged at the Php 0.600 M level.. The 67 % rise in Gas and Oil expense to Php 0.976 M was due to higher petroleum prices and more utilization of company vehicles to provide transportation to employees. Communication and transportation expense remains basically unchanged, as is Security, Messengerial and Janitorial Expense. Repairs and Maintenance was significantly up, from Php 0.572 M to Php 6.895 M due to repairs and maintenance of heavy equipment. Miscellaneous expense was almost the same at the Php 5.009 M level.

The Company's Balance Sheet reflects a 18 % rise as of December 31, 2022. Total Assets, which stood at Php 4,067,142 M as of December 31, 2021 now stands at Php

4,827.230 M. Cash, which was Php 67.020 M as of yearend 2021 decreased to Php 37.769 M on account of the payment to suppliers of materials for Primex Tower. Receivables jumped to Php 73.617 M , from Php 47.069 M due to more availment of real estate sales under installmemt scheme. Real estate held for sale rose by 3 %, from Php 2,954,209 M as of yearend 2021 to Php 3,042,457 M as of December 31, 2022. From Php 9.615 M as of yearend 2021, Property and Equipment rose to Php 637.305 M as of December 31, 2022. Total Current Liabilities almost doubled, from Php 531.520 M as of yearend 2021 to Php 1,014.283 as of December 31, 2022. Likewise, Total Liabilities jumped by 40 %, from Php 2,003.600 M to Php 2,805.145 M as of yearend 2022.

In summation, the more than 200 % rise in Real Estate sales for the year was solely the reason for the increase to Php 44.842 M in Income before Tax for the year, almost a 10 times rise from the Php 5.112 M earned last year.Net Income earned amounted to Php 33.631 M, a 170 % rise from the Php 12.486 of the previous year.

**2021**

For the year 2021 ended December 31, the Company had a total of Php 29.622 M in consolidated real estate sales, in which Php 22.66 M are sales from Goldendale and Php 6.961 M are from sales in the Richdale while no sales were reported from Stratosphere. This year's total in real estate sales represents only 5.5 percent of the total real estate sales of the previous year and a 16 % jump over 2019 levels. Total Rental Income for the year amounted to Php 43.286 M, which is 53 % lower than the Php 92.688 M last year and 45 percent less than the Php 78.439 M earned in 2019. Interest earned from real estate sales reached Php 2.13 M for the year, which is 42 % of the Php 5.087 M in 2020 and 5% of the Php 42.988 M earned in 2019. Miscellaneous income contributed Php 1.708 M, as compared with none earned for the past 2 previous years. Cost of real estate sales amounted Php 17.664 M as compared with the Php 324.276 M for the year 2020, and the Php 14.650 M incurred in 2019.

General and administrative expense increased by 26 % from the amounts incurred the previous year which is Php 46.087 M and 18 % more than the Php 49.388 M incurred in 2019.

Taxes and Licenses expense totaled Php 24.849 M, which is 55 % more than the Php 15.965 M last year and 34 % more than the Php 18.551 M of 2019 due to the payment of Documentary Stamp Tax arising from the issuance of additional shares related to the subscription of the Company's common shares thru private placement. Depreciation expense, which was Php 6.985 M for the year 2020 , decline by 13 % to Php 6.023 M. and almost a 32 % decrease from the Php 8.834 M of 2019. Salaries, wages and employee benefits, which was almost identical at the Php 8.4 M level for the previous 2 years was up by 10 % on account of increased wages. The Php 4.880 M spent for Light, Water and Dues was 155 % more the Php 1.910 M last year and 43 % more than the Php 3,407 M in 2019 on account of extended operating hours and higher utility rates. Commission paid out dropped to Php 1.534 M as compared with Php 2.110 M and Php 1.789 M, respectively of the past two years due to decreased real estate sales. Insurance expense decreased by 28 % , from Php 0.607 M to Php 0.433 M, as compared with the Php 0.802 M of 2019. Retirement expense remains basically unchanged at the Php 0.618 M level.. The 117 % rise in Gas and Oil expense to Php 0.584 M was due to higher petroleum prices and more utilization of company vehicles to provide transportation to employees. Communication and transportation expense decreased to Php 0.539 M due to reduced marketing and promotional activities for the Primex Tower. Security, Messengerial and Janitorial Expense was unchanged at the Php 2.1 M level for the past two years. Repairs and Maintenance was significantly down to Php 0.572 M due to less repairs and maintenance of heavy equipment on account of less usage.. Training and Development expense was nil for the year because company seminars were conducted via remote communication only. Miscellaneous expense was up to Php 5.009 M, from the Php 2.830 M in 2020 and the Php 4.470 M of 2019 due to the purchase of safety equipment and supplies for the prevention of COVID-19.

The Company's Balance Sheet reflects a 54 % rise as of December 31, 2021. Total Assets, which stood at Php 2,156,069 M as of December 31, 2020 now stands at Php 3,324.891 M. Cash, which was Php 29.196 M as of yearend 2020 increased to Php 67.020 M. Receivables is almost unchanged at the Php 47 M level while Real estate held for sale rose by 48 %, from Php 1,997,232 M as of yearend 2020 went up to Php 2,954,209 M as of December 31, 2021.

In summation, the more than 94 % drop in Real Estate sales for the year was solely the reason for the drop in Income to only Php 5.112 M in Income before Tax for the year, almost a 98 % decline from the Php 227.630 M earned last year.

*There are no known Trends, Events or Uncertainties that might have any material impact on the liquidity of the Company.
*There are no known Trends, Events, or Uncertainties that may have a material impact on sales.
*There are no significant elements of income or loss arising from continuing operations.
*There has not been any seasonal aspects that have had a material effect on the financial condition or results of the Company's operations.
*There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
*There are no material commitments for capital expenditures.
*There are no material events and uncertainties known to management that would impact or change the reported financial information and condition of the company.
*****There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company's Top key performance indicators:

1.Sales Volume Growth

The Company registered consolidated Real Estate sales of Php 126.983 M as compared with the Php 98,932 M. of the previous year and the Php 29.622 M. for the twelve months of 2021 This translates to a 28 % rise from the previous year and a 334 % increase from 2021 amounts.

2. Revenue Growth

Total revenues for the twelve month period ended December 31, 2023 amounted to Php 265.646 M as compared with the Php 163.220 M in the twelve months period of 2022 and 2021's Php 90.80 M., or a 62 % and 194 % increase over 2022 levels and 2021 levels, respectively.

3. Realized Gross Profit on Sales

For its sales efforts, the Company was able to realize Gross Profit on sales of Php 91.787 as against the Php 74.208 M of the previous year and the Php 26.852 M of 2021. This is the amount of real estate sales less the cost of development.

4. Operating Margin

For the twelve months period of 2023, the Company incurred operating expenses of Php 139.256 M as compared with last year's Php 118.377 M, and the Php 85.688 M spent in 2021. This resulted in an operating income of Php 126.437 M as against the Php 44.842 M in 2022 and the Php 5.112 M in operating income in 2021.

5. Asset Growth

Over the twelve months of 2023, total assets increased from Php 4,827.230 M as of yearend 2022 to Php 5,162.434 M in December 31, 2023.

**Plan of Operation for 2024 and Prospects for the future**

The Company have resumed marketing and sales activities of its remaining lots at the Goldendale Subdivision after its self-imposed moratorium on real estate sales at Goldendale as the Company feels that real estate prices have now stabilized. The company has also opened up its Catmon property to lease out parking slots mainly to trucks and trailers.

The Company's fully-owned subsidiary, Primex Realty Corporation, has almost completed the office and commercial development of the Primex Tower, a 50-storey world-class office condominium along EDSA and Connecticut st. in upscale Greenhills and has almost completed the office and commercial segment of the edifice. The Hotel component located in the top 10 floors of the building is still being developed as of the present time. This development will significantly boost the recurring income portfolio of the Company for many years.

**Securities and Shareholders**

The Company has 15 stockholders as of April 30, 2024. The Company's shares of common stock are traded on the Philippine Stock Exchange. Below is a history of the trading prices of said shares for each quarter of the past three years.

Market Information

The Company's shares of common stock are traded on the Philippine Stock Exchange. Below is a history of the trading prices of said shares for each quarter of the past three years.

| | | | LOW | HIGH |
|---|---|---|---|---|
| 2021 | First Quarter | Php | 1.24 | 2.25 |
| | Second Quarter | | 2.08 | 4.02 |
| | Third Quarter | | 1.70 | 3.29 |
| | Fourth Quarter | | 1.16 | 2.42 |
| 2022 | First Quarter | Php | 2.65 | 3.70 |
| | Second Quarter | | 1.89 | 2.89 |
| | Third Quarter | | 1.98 | 2.59 |
| | Fourth Quarter | | 2.00 | 2.15 |
| 2023 | First Quarter | Php | 1.98 | 2.68 |
| | Second Quarter | | 2.62 | 3.43 |
| | Third Quarter | | 2.66 | 3.40 |
| | Fourth Quarter | | 2.40 | 3.20 |
| 2024 | First Quarter | Php | 2.05 | 2.56 |

* The par value of the Company's common stock was changed from Php 1.00 per share to Php 0.20 per share during the 3$^{rd}$ quarter of 2016. The price of the company's common shares

that was latest traded on the First board of the Philippine Stock Exchange was transacted at Php 2.24 per share on March 21, 2024.

The Top 20 stockholders of the Company as of April 30, 2024:

| | Name of stockholder | Class | No. of shares | Percentage |
|---|---|---|---|---|
| 1. | PCD NOMINEE CORP.(FIL) | | 1,291,799,784 | 55.106 % |
| 2. | PRIMEX DEVELOPMEN CORP. | | 565,214,807 | 24.111 % |
| 3. | HIGHVALUE HOLDINGS, INC. | | 573,948,330 | 24.484 % |
| 4. | 5 CALIBRE HOLDINGS, INC. | | 198,618,330 | 8.473 % |
| 5. | EXCELLAR HOLDINGS INC. | | 193,235,000 | 8.243 % |
| 6. | HIGH INTEGRITAS HOLDINGS INC. | | 159,895,000 | 6.821 % |
| 7. | EA HOK KI HOLDINGS CORP. | | 137,778,335 | 5.877 % |
| 8. | PCD NOMINEE CORP (NON-FILIPINO) | | 90,951,188 | 3.879 % |
| 10. | CHAN, JOSSIE O. | | 6,750,000 | 0.287 % |
| 11. | DY, GONZALO C. | | 3,250,000 | 0.138 % |
| 12. | DY, GLORIA A. | | 3,250,000 | 0.138 % |
| 13. | CO, KATHRYN | | 2,500,000 | 0.106 % |
| 14. | GOCHECO, DORIS | | 325,000 | 0.013 % |
| 15. | BORJA, GEORGE C. | | 20,000 | 0.001 % |
| 16. | GARCIA, LEIGH LAUREN P. | | 13,500 | 0.001 % |
| 17. | GAN, RUBEN M. | | 5 | 0.000 % |

* Highvalue Holdings, Inc. is owned and controlled by Mr. Ernesto O. Ang, President and CEO and Chairman of the Board of the Company.
* 5 Calibre Holdings, Inc. is owned and controlled by Atty. Ericson O. Ang, VP-Legal and Director of the Company.
* Excellar Holdings Inc. is owned and controlled by Edgard O. Ang, CFO and Director of the Company.
* High Integritas Holdings Inc. is owned and controlled by Emilio O. Ang, Vice Pres. And Director of the Company.
* EA Hok Ki Holdings Corp. is owned and controlled by Eduardo O. Ang (deceased), Ex-Director of the Company. His spouse, Annetta C. Ang will serve the unexpired term of Eduardo O. Ang.
* Primex Development Corporation and Primex Corporation shares the same common management and majority shareholders.

*There are no transaction that relates to an acquisition, business combination, or other reorganization that will have an effect on the amount and percentage of present holdings of the registrant's equity owned beneficially by (i) beneficial owner of more than 5% of registrant's common equity; (ii) each director and nominee; (iii) all directors and officers as a group and the registrant's present commitments to such persons with respect to the issuance of shares.

**Dividends**

A cash dividend of Php 0.055 for every common share of stock was declared in 2018 and Php 0.026 in 2019. This was followed in 2021 with two (2) Cash Dividend declaration totaling Php 0.0242 per share. A Cash Dividend was declared in 2022 where each common share received Php 0.032. The latest Dividend of Php 0.0027 per share was declared in August of 2023. However, in lieu of cash, the company's Board of Directors have previously approved the payment of the cumulative dividends of its preferred shares in the form of common shares. The same preferred shares have since been converted to common shares.

The company's cumulative dividends of 3 years 2 months on its Preferred shares in the amount of Php 15,833,333.000 were paid out in the form of 6,333,333 common shares at a per share value of Php 2.50. Likewise, the 100,000,000 preferred shares were converted into common shares.

Dividends may be declared from the surplus profits of the corporation at such time/s and in such percentage as the Board of Directors may deem proper. No dividends shall be declared that will impair the capital of the corporation.

**Recent Issuance of Securities Constituting an Exempt Transaction**

The Board of Directors of the company approved the conversion of its 100,000,000 Preferred shares into common shares at the rate of One (1) common share for every preferred share held, effective December 10, 2003. The Board of Directors also approved the payment of the three years and two months cumulative dividends on the preferred shares in the amount of Fifteen million eight hundred thirty three thousand three hundred thirty three pesos (Php 15,833,333.000) in the form of Common shares with a per share value of Two pesos and fifty centavos (Php 2.50), in lieu of cash. This has resulted in the issuance of 6,333,333 common shares to the preferred shareholders.

On August 15, 2014, the Company issued Seventeen million (17,000,000) shares of common stock of the company at a price of Php 3.50 per share in favor of a private placement investor. The shares have already been issued and listed at the Philippine Stock Exchange.

On October 10, 2016, the Company accepted an offer for private placement of 45,000,000 shares of common stock at Php 4.00/share. These shares are also already listed at the Philippine Stock Exchange.

On August 24, 2020, the Company accepted an offer for private placement of 120,000,000 shares of common stock at Php 1.47/share from Highvalue Holdings Inc. and 220,036,054 shares from affiliate, Primex Development Corporation. These shares are not yet listed at the Philippine Stock Exchange.

On February 05, 2021, the Company accepted an offer for private placement of 342,465,753 shares of common stock at Php 1.46/share from affiliate, Primex Development Corporation. These shares are now listed at the Philippine Stock Exchange.

**Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There are no changes and disagreements with accountants on accounting and financial disclosure during the two most recent fiscal years or any subsequent interim period.

**Compliance with leading practice on Corporate Governance**

On August 27, 2002, the Company submitted to the Securities and Exchange Commission its Manual of Corporate Governance in accordance with SEC Memorandum Circular no.2, Series of 2002. The company also appointed a Compliance Officer who undertakes quarterly feedback sessions with the Board of Directors to discuss governance-related issues.

The Company has formally adopted the leading practices on good governance in its Manual of Corporate Governance and has substantially complied with the rules and principles contained therein. The Manual was revised and adopted on Feb. 15, 2011 and on April 08, 2015 to incorporate added provisions promulgated by the Securities and Exchange Commission.

The Company adopts whatever new principles and practices that may improve its corporate governance. All the directors and officers of the Company have annually attended seminars and training programs to further improve governance within the company. The latest amended Manual on Good Corporate Governance was filed with the Securities and Exchange Commission on May 31, 2017. There were no deviation from the company’s Manual of Corporate Governance.

**External Audit Fees**

The aggregate fees billed for the last two (2) fiscal years for professional services rendered by the Company's external auditors for the audit of its financial statements or for services that are normally provided in connection with statutory and regulatory filings are:

Year 2023 = Php 1.000,000.00 Year 2022 = Php 803,572.00

There are no other assurance or related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

Prior to the commencement of audit work, the external auditors present their program and schedule to the Audit Committee which include discussion of issues and concerns regarding the audit work to be done.

**UNDERTAKING TO PROVIDE ANNUAL REPORT**

THE REGISTRANT UNDERTAKES TO PROVIDE WITHOUT CHARGE TO EACH STOCKHOLDER WITH A COPY OF ITS ANNUAL REPORT ON SEC FORM 17-A UPON WRITTEN REQUEST TO THE REGISTRANT ADDRESSED TO:

MR. KARLVIN ERNEST L. ANG
CORPORATE SECRETARY
PRIMEX CORPORATION
Ground Floor, Richbelt Terraces, 19 Annapolis St., Greenhills
San Juan , Metro Manila

# C O V E R   S H E E T
for
## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 3 | 3 | 8 | 2 | 8 | | | | | |

**COMPANY NAME**

PRIMEX CORPORATION AND SUBSIDIARIES

**PRINCIPAL OFFICE** *( No. / Street / Barangay / City / Town / Province )*

GROUND FLOOR, RICHBELT TERRACES, 19 ANNAPOLIS STREET, GREENHILLS, SAN JUAN, METRO MANILA

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| AAFS | SEC | N/A |

**COMPANY INFORMATION**

| Company's Email Address | Company's Telephone Number | Mobile Number |
|---|---|---|
| primexgroup_pc@yahoo.com | 8722-5417 / 722-8078 | – |

| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
|---|---|---|
| 15 | 10/23 | 12/31 |

**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 |
|---|---|---|---|
| Ernesto O. Ang | primexgroup_pc@yahoo.com | 8722-5400 | – |

**CONTACT PERSON's ADDRESS**

G/F Richbelt Terraces, 19 Annapolis St., Greenhills, San Juan

***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.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors and Stockholders
Primex Corporation
Ground Floor, Richbelt Terraces
19 Annapolis Street, Greenhills
San Juan, Metro Manila

**Opinion**

We have audited the accompanying consolidated financial statements of Primex Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements.

**Basis for Opinion**

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2023 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters below, our description of how our audit addressed these matters is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

***Real Estate Revenue Recognition***

The Group's revenue recognition process, policies and procedures are significant to our audit because these involve application of significant judgment and estimation in the following areas: (1) assessment of the probability that the Group will collect the consideration from the buyer; (2) application of the input method as the measure of progress completion in determining real estate revenue; and (3) determination of the actual costs incurred as cost of sales.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments in relation to the total contract price (buyer's equity). Collectability is also assessed by considering factors such as past history with the buyer, age and pricing of the property if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the input method. Under this method, progress is measured based on actual costs incurred on materials, labor, and actual overhead relative to the total estimated development costs of the real estate project. The Group uses the cost accumulated by the accounting department to determine the actual costs incurred. The estimation of the total costs of the real estate project requires technical inputs by project engineers.

In determining the actual costs incurred to be recognized as cost of sales, the Group estimates costs incurred on materials, labor and overhead which have not yet been billed by the contractor.

The disclosures related to real estate revenue are included in Notes 2 and 3 to the consolidated financial statements.

*Audit Response*

We obtained an understanding of the Group's revenue recognition process.

For the buyers' equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales cancellations from buyers with accumulated payments above the collection threshold.

For the application of the input method in determining real estate revenue and for determining the actual cost incurred for the cost of sales, we obtained an understanding of the Group's processes for determining the percentage of completion (POC), including the cost accumulation process, and for determining and updating of total estimated costs. We assessed the competence and objectivity of the project engineers by reference to their qualifications, experience and reporting responsibilities. For the selected project, we traced costs accumulated, including those incurred but not yet billed costs, to the supporting documents such as accomplishment reports. On a sampling basis, we performed test of details for the actual costs incurred to date during the year by tracing to relevant documents such as progress billings. We visited the project site and made relevant inquiries with the project engineer and correlated our observations with the reported project accomplishment. We performed test computation of the POC calculation of management. For the selected project, we obtained the approved total estimated costs and any revisions thereto and the supporting documents such as invoices.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2023, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation of these consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Antoniette L. Aldea.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea
Partner
CPA Certificate No. 116330
Tax Identification No. 242-586-416
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079893, January 5, 2024, Makati City

April 15, 2024

## PRIMEX CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|---|---|---|
| | **2023** | 2022 |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash (Note 4) | **₱28,576,659** | ₱37,769,443 |
| Receivables (Note 5) | **49,622,442** | 73,617,246 |
| Real estate held for sale and development - at cost (Note 7) | **3,233,979,000** | 3,042,457,742 |
| Advances to contractors | **67,263,652** | 66,204,181 |
| Other current assets (Note 10) | **265,189,456** | 253,646,471 |
| Total Current Assets | **3,644,631,209** | 3,473,695,083 |
| **Noncurrent Assets** | | |
| Receivables - net of current portion (Note 5) | **13,062,117** | 5,621,637 |
| Investment properties (Note 8) | **470,516,508** | 475,830,557 |
| Investment in an associate (Note 9) | **228,348,543** | 228,348,543 |
| Property and equipment (Note 11) | **790,070,038** | 637,305,250 |
| Deferred tax assets - net (Note 19) | **2,283,716** | 1,207,987 |
| Other noncurrent assets (Note 10) | **13,522,465** | 5,221,825 |
| Total Noncurrent Assets | **1,517,803,387** | 1,353,535,799 |
| | **₱5,162,434,596** | ₱4,827,230,882 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Current portion of long-term loans (Note 13) | **₱579,015,803** | ₱448,398,558 |
| Accounts and other payables (Notes 12 and 14) | **633,327,039** | 561,206,573 |
| Contract liabilities (Note 6) | **9,516,063** | – |
| Lease liabilities - current portion (Note 21) | **3,334,859** | 2,605,541 |
| Income tax payable (Note 19) | **–** | 2,072,863 |
| Total Current Liabilities | **1,225,193,764** | 1,014,283,535 |
| **Noncurrent Liabilities** | | |
| Long-term loans - net of current portion (Note 13) | **1,769,364,041** | 1,777,174,129 |
| Lease liabilities - net of current portion (Note 21) | **13,284,605** | – |
| Pension liability (Note 16) | **11,166,744** | 9,617,221 |
| Deferred tax liabilities - net (Note 19) | **33,385,212** | 4,070,597 |
| Total Noncurrent Liabilities | **1,827,200,602** | 1,790,861,947 |
| Total Liabilities | **3,052,394,366** | 2,805,145,482 |
| **Equity** (Note 15) | | |
| Capital stock | **468,833,695** | 468,833,695 |
| Additional paid-in capital | **1,086,352,638** | 1,086,352,638 |
| Retained earnings | **517,000,465** | 428,534,352 |
| Other equity reserves | **39,821,375** | 39,821,375 |
| Remeasurement loss on defined benefit plan (Note 16) | **(1,967,943)** | (1,456,660) |
| Total Equity | **2,110,040,230** | 2,022,085,400 |
| | **₱5,162,434,596** | ₱4,827,230,882 |

*See accompanying Notes to Consolidated Financial Statements.*

**PRIMEX CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2023** | 2022 | 2021 |
| **REVENUE AND INCOME** | | | |
| Real estate sales | **₱126,983,373** | ₱98,932,120 | ₱29,622,054 |
| Rent income (Notes 8 and 21) | **127,132,258** | 48,739,151 | 43,286,001 |
| Interest income from real estate sales (Note 5) | **830,624** | 1,364,227 | 2,130,425 |
| Miscellaneous income (Notes 9 and 17) | **10,747,617** | 14,184,837 | 15,762,315 |
| | **265,693,872** | 163,220,335 | 90,800,795 |
| **COST AND EXPENSES** | | | |
| Cost of real estate sales and services (Notes 7 and 18) | **49,438,745** | 39,388,214 | 17,664,057 |
| General and administrative expenses (Note 18) | **70,342,764** | 70,969,821 | 58,377,172 |
| Interest expense (Notes 12, 13 and 21) | **19,474,605** | 8,019,770 | 9,647,544 |
| | **139,256,114** | 118,377,805 | 85,688,773 |
| **INCOME BEFORE INCOME TAX** | **126,437,758** | 44,842,530 | 5,112,022 |
| **PROVISION FOR (BENEFIT FROM) INCOME TAX** (Note 19) | **31,642,390** | 11,210,862 | (7,373,983) |
| **NET INCOME** | **94,795,368** | 33,631,668 | 12,486,005 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| *Item that will not be reclassified to profit or loss in subsequent years:* | | | |
| Remeasurement gain (loss) on defined benefit obligation (Note 16) | **(681,711)** | (57,943) | 697,526 |
| Income tax effect (Note 19) | **170,428** | (6,949) | (319,539) |
| | **(511,283)** | (64,892) | 377,987 |
| **TOTAL COMPREHENSIVE INCOME** | **₱94,284,085** | ₱33,566,776 | ₱12,863,992 |
| **Basic/Diluted Earnings Per Share** (Note 20) | **₱0.0404** | ₱0.0143 | ₱0.0057 |

*See accompanying Notes to Consolidated Financial Statements.*

## PRIMEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
### FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

| | **Capital Stock** (Note 15) | **Additional Paid-in Capital** (Note 15) | **Retained Earnings** (Note 15) | **Other Equity Reserve** (Note 15) | **Remeasurement Loss on Defined Benefit Plan** (Note 16) | **Total** |
|---|---|---|---|---|---|---|
| **As of January 1, 2023** | **₱468,833,695** | **₱1,086,352,638** | **₱428,534,352** | **₱39,821,375** | **(₱1,456,660)** | **₱2,022,085,400** |
| Net income | – | – | **94,795,368** | – | – | **94,795,368** |
| Other comprehensive loss | – | – | – | – | **(511,283)** | **(511,283)** |
| Total comprehensive income (loss) | – | – | **94,795,368** | – | **(511,283)** | **94,284,085** |
| Cash dividends declared | – | – | **(6,329,255)** | – | – | **(6,329,255)** |
| **As of December 31, 2023** | **₱468,833,695** | **₱1,086,352,638** | **₱517,000,465** | **₱39,821,375** | **(₱1,967,943)** | **₱2,110,040,230** |

| | Capital Stock (Note 15) | Additional Paid-in Capital (Note 15) | Retained Earnings (Note 15) | Other Equity Reserve (Note 15) | Remeasurement Loss on Defined Benefit Plan (Note 16) | Total |
|---|---|---|---|---|---|---|
| As of January 1, 2022 | ₱468,833,695 | ₱1,086,352,638 | ₱469,925,833 | ₱39,821,375 | (₱1,391,768) | ₱2,063,541,773 |
| Net income | – | – | 33,631,668 | – | – | 33,631,668 |
| Other comprehensive loss | – | – | – | – | (64,892) | (64,892) |
| Total comprehensive income (loss) | – | – | 33,631,668 | – | (64,892) | 33,566,776 |
| Cash dividends declared | – | – | (75,023,149) | – | – | (75,023,149) |
| As of December 31, 2022 | ₱468,833,695 | ₱1,086,352,638 | ₱428,534,352 | ₱39,821,375 | (₱1,456,660) | ₱2,022,085,400 |

| | Capital Stock (Note 15) | Additional Paid-in Capital (Note 15) | Retained Earnings (Note 15) | Other Equity Reserve (Note 15) | Remeasurement Loss on Defined Benefit Plan (Note 16) | Total |
|---|---|---|---|---|---|---|
| As of January 1, 2021 | ₱400,340,544 | ₱654,845,789 | ₱507,319,390 | ₱39,821,375 | (₱1,769,755) | ₱1,600,557,343 |
| Net income | – | – | 12,486,005 | – | – | 12,486,005 |
| Other comprehensive income | – | – | – | – | 377,987 | 377,987 |
| Total comprehensive income | – | – | 12,486,005 | – | 377,987 | 12,863,992 |
| Issuance of capital stock (Note 15) | 68,493,151 | 431,506,849 | – | – | – | 500,000,000 |
| Cash dividends declared | – | – | (49,879,562) | – | – | (49,879,562) |
| As of December 31, 2021 | ₱468,833,695 | ₱1,086,352,638 | ₱469,925,833 | ₱39,821,375 | (₱1,391,768) | ₱2,063,541,773 |

*See accompanying Notes to Consolidated Financial Statements.*

## PRIMEX CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2023** | 2022 | 2021 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax | **₱126,437,758** | ₱44,842,530 | ₱5,112,022 |
| Adjustments for: | | | |
| Depreciation and amortization (Notes 8 and 11) | **19,930,182** | 20,183,533 | 20,687,921 |
| Interest expense (Notes 12, 13 and 21) | **19,474,605** | 8,019,770 | 9,647,544 |
| Retirement expense (Notes 16 and 18) | **867,812** | 658,297 | 618,829 |
| Other income (Notes 4, 5, 9 and 17) | **(880,621)** | (1,394,661) | (16,193,084) |
| Operating income before changes in working capital | **165,829,736** | 72,309,469 | 19,873,232 |
| Decrease (increase) in: | | | |
| Receivables | **16,583,539** | (24,949,043) | 2,439,125 |
| Real estate held for sale and development | **(90,789,133)** | (619,709,381) | (935,123,018) |
| Advances to contractors and other current assets | **(12,602,456)** | (63,257,905) | (174,288,876) |
| Increase (decrease) in accounts and other payables and contract liabilities | **(36,248,730)** | 49,102,812 | (86,673,175) |
| Net cash provided by (used in) operations | **42,772,956** | (586,504,048) | (1,173,772,712) |
| Interest received | **851,406** | 1,385,319 | 2,246,770 |
| Income taxes paid, including final and creditable withholding taxes | **(5,305,939)** | (5,999,481) | (1,203,503) |
| Net cash provided by (used in) operating activities | **38,318,423** | (591,118,210) | (1,172,729,445) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to: | | | |
| Property and equipment (Note 11) | **(128,333,845)** | (5,758,879) | (245,703) |
| Investment properties | **(8,928,571)** | – | – |
| Decrease in other noncurrent assets | **(8,300,640)** | 141,900 | – |
| Net cash used in investing activities | **(145,563,056)** | (5,616,979) | (245,703) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from: | | | |
| Availment of long-term loans (Notes 13 and 24) | **480,000,000** | 841,957,521 | 795,305,158 |
| Refundable deposits (Note 24) | **136,968,019** | – | 28,232,366 |
| Issuance of capital stock (Note 15) | – | – | 500,000,000 |
| Payments of: | | | |
| Long-term loans (Notes 13 and 24) | **(356,888,889)** | (79,388,889) | (23,888,889) |
| Interest expense (Notes 13 and 24) | **(150,629,189)** | (114,100,682) | (35,060,641) |
| Lease liabilities (Notes 21 and 24) | **(5,068,837)** | (4,464,496) | (3,909,244) |
| Cash dividends (Notes 15 and 24) | **(6,329,255)** | (75,023,149) | (49,879,562) |
| Refundable deposits (Note 24) | – | (1,496,004) | – |
| Net cash provided by financing activities | **98,051,849** | 567,484,301 | 1,210,799,188 |
| **NET INCREASE (DECREASE) IN CASH** | **(9,192,784)** | (29,250,888) | 37,824,040 |
| **CASH AT BEGINNING OF YEAR** | **37,769,443** | 67,020,331 | 29,196,291 |
| **CASH AT END OF YEAR** (Note 4) | **₱28,576,659** | ₱37,769,443 | ₱67,020,331 |

*See accompanying Notes to Consolidated Financial Statements.*

## PRIMEX CORPORATION AND SUBSIDIARIES
## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Primex Corporation (PC or the Parent Company) is domiciled and was incorporated in the Republic of the Philippines on July 17, 1986. The Parent Company is engaged in the real estate business to purchase, lease, or in any manner dispose of or deal with land and other real property and any interest therein. The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange.

As of December 31, 2023 and 2022, the consolidated financial statements represent the consolidation of the financial statements of the Parent Company and its subsidiaries as follow:

| | Nature of Business | Ownership interest |
|---|---|---|
| Primex Realty Corporation (PRC) | Real Estate | 100% |
| Primex Housing Dev't. Corp. (PHDC) | Real Estate | 100% |

PRC and PHDC are both domiciled and were incorporated in the Philippines on October 1, 1979 and August 18, 2017, respectively. PRC is engaged in the real estate business to purchase, lease, or in any manner dispose of or deal with land and other real property and any interest therein, while, PHDC is utilized for future mass housing developments of the Parent Company and is non-operating as of December 31, 2023.

The registered office address of Primex Corporation and its subsidiaries (the Group) is at Ground Floor, Richbelt Terraces, 19 Annapolis Street, Greenhills, San Juan, Metro Manila, Philippines.

The consolidated financial statements of the Group were approved and authorized for issue by the Board of Directors (BOD) on April 15, 2024.

2. **Material Accounting Policy Information**

Basis of Preparation
The consolidated financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is the Parent Company's functional currency. All amounts are rounded to the nearest Philippine Peso unit unless otherwise indicated.

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

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the following reporting reliefs issued and approved by the SEC under Memorandum Circular (MC) No. 34-2020 in response to the COVID-19 pandemic.

1. Assessing if the transaction price includes a significant financing component as discussed in Philippine Interpretations Committee (PIC) Questions and Answers (Q&A) No. 2018-12-D
2. Application of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, *Borrowing Cost*).

The exclusion of land in the determination of Percentage of Completion (POC) for Real Estate industry as discussed in Philippine Interpretations Committee (PIC) Q&A No. 2018-12-E is not applicable to the Group as the Group's policy is already consistent with the PIC Q&A.

The details and the impact of the adoption of the above financial reporting reliefs are discussed further in the Adoption of New and Amended Accounting Standards and Interpretations section of this note to the consolidated financial statements.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards (PAS) and Interpretations issued by the PIC.

<u>Basis of Consolidation</u>
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries over which the Parent Company has control. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

The Parent Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Parent Company gains control or until the date when the Parent Company ceases to control the subsidiary.

The financial statements of the subsidiary are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions and gains and losses resulting from intra-group transactions and dividends are eliminated in full. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

*Adoption of New and Amended Accounting Standards and Interpretations*
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective beginning January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

The amendments have an impact on the Group's disclosures of accounting policies but not on the recognition, measurement and presentation of any items in the Group's consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

*New standards and interpretations that have been issued but are not yet effective*
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements. The Group intends to adopt when they become effective.

*Effective beginning on or after January 1, 2024*

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

*Effective beginning on or after January 1, 2025*

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

- Deferral of Certain Provisions of PIC Q&A 2018-12, PFRS 15 Implementation Issues Affecting the Real Estate Industry (as amended by PIC Q&As 2020-02 and 2020-04)

  On February 14, 2018, the PIC issued PIC Q&A 2018-12 which provides guidance on some PFRS 15 implementation issues affecting the real estate industry. On October 25, 2018 and February 08, 2019, the Philippine Securities and Exchange Commission (SEC) issued SEC MC No. 14-2018 and SEC MC No. 3-2019, respectively, providing relief to the real estate industry by deferring the application of certain provisions of this PIC Q&A for a period of three years until December 31, 2020. On December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020 which further extended the deferral of certain provisions of this PIC Q&A until December 31, 2023. A summary of the PIC Q&A provisions covered by the SEC deferral and the related deferral period follows:

| | Deferral Period |
|---|---|
| a. Assessing if the transaction price includes a significant financing component as discussed in PIC Q&A 2018-12-D (as amended by PIC Q&A 2020-04) | Until December 31, 2023 |
| b. Treatment of land in the determination of the POC discussed in PIC Q&A 2018-12-E | Until December 31, 2023 |

  The SEC Memorandum Circulars also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

  a. The accounting policies applied.
  b. Discussion of the deferral of the subject implementation issues in the PIC Q&A.
  c. Qualitative discussion of the impact on the financial statements had the concerned application guidelines in the PIC Q&A been adopted.
  d. Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

In November 2020, the PIC issued the following Q&As which provide additional guidance on the real estate industry issues covered by the above SEC deferrals:

- PIC Q&A 2020-04, which provides additional guidance on determining whether the transaction price includes a significant financing component
- PIC Q&A 2020-02, which provides additional guidance on determining which uninstalled materials should not be included in calculating the POC

a. After the deferral period, real estate companies have an accounting policy option of applying either the full retrospective approach or modified retrospective approach as provided under SEC MC 8-2021. The Group availed of the SEC reliefs to defer the above specific provision of PIC Q&A No. 2018-12 on determining whether the transaction price includes significant financing component. Had this provision been adopted, the mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments provided for in the contract to sell might constitute a significant financing component. In case of the presence of significant financing component, the guidance should have been applied retrospectively and would have resulted in restatement of prior year financial statements. Depending on the approach of adoption, the adoption of this guidance would have impacted interest income, interest expense, revenue from real estate sales, contract assets, provision for deferred income tax, deferred tax asset or liability for all years presented (full retrospective approach), and the opening balance of retained earnings (full retrospective approach and modified retrospective approach). The Group is currently assessing if the mismatch constitutes a significant financing component for its contracts to sell. The above would have impacted the cash flows from operations and cash flows from financing activities for all years presented in case of a full retrospective approach. The Group is currently assessing whether the adoption will be using a full retrospective or modified retrospective approach.

b. The adoption of PIC Q&A 2018-12-E on the treatment of land in the determination of the POC is not applicable to the Group as the Group's policy is already consistent with the PIC Q&A.

- Deferment on Implementation of *IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost)* for the Real Estate Industry

  In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under paragraph 35(c) of IFRS 15 (PFRS 15). IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under Philippine Accounting Standards (PAS) 23, *Borrowing Costs,* considering that these inventories are ready for their intended sale in their current condition.

  The IFRIC Agenda Decision would change the Group's current practice of capitalizing borrowing costs on real estate projects with pre-selling activities.

  On February 11, 2020, the Philippine SEC issued Memorandum Circular No. 4-2020, providing relief to the Real Estate Industry by deferring the mandatory implementation of the above IFRIC Agenda Decision until December 31, 2020. Further, on December 15, 2020, the Philippine SEC issued SEC MC No. 34-2020, which extends the relief on the application of the IFRIC Agenda Decision provided to the Real Estate Industry until December 31, 2023.

Effective January 1, 2024, the Real Estate Industry will adopt the IFRIC agenda decision and any subsequent amendments thereto retrospectively or as the SEC will later prescribe. A real estate company may opt not to avail of the deferral and instead comply in full with the requirements of the IFRIC Agenda Decision.

For real estate companies that avail of the deferral, the SEC requires disclosure in the Notes to the Financial Statements of the accounting policies applied, a discussion of the deferral of the subject implementation issues, and a qualitative discussion of the impact in the financial statements had the IFRIC agenda decision been adopted.

Adoption of this guidance would have impacted a reduction in net income, real estate inventories, provision for deferred income tax, deferred tax liability for all years presented, and the opening balance of retained earnings, and a corresponding increase in interest and other financing charges. These would not have impacted the cash flows. As of December 31, 2023, the Group is still in the process of assessing the impact of implementing the IFRIC Agenda Decision

The Group is still evaluating whether to adopt the above changes using modified retroactive approach or full retroactive approach. If application is using modified retrospective approach, the impact will be recorded during the year of adoption and the opening retained earnings in the year of adoption while if application will be using full retroactive approach, the impact will be recorded in all years presented and the opening retained earnings in the earliest period presented.

Material Accounting Policies

Current versus Non-current Classification
The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification.

Fair Value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

*Fair value hierarchy*
All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level–1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level–2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level–3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for recurring fair value measurement of financial assets.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with its external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Instruments - initial recognition and subsequent measurement
*Date of recognition*
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

*a. Financial assets*

*Initial recognition of financial instruments*
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables, except for installment contracts receivables, are measured at the transaction price determined under PFRS 15. Refer to the accounting policies on *Revenue from contracts with customers.*

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

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

As of December 31, 2023 and 2022, the Group's financial assets comprise financial assets at amortized costs.

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

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's financial assets at amortized cost includes cash and receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contracts receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a vintage analysis for installment contracts receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For other financial assets such as interest receivable, advances to homeowners' association, advances to associate and accrued rent receivable, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P) and Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs. The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

*Determining the stage for impairment*
At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

*Write-off of financial assets*
A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows (e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts).

*b. Financial liabilities*
*Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

*Subsequent measurement*
The measurement of financial liabilities depends on their classification, as described below:

*Loans and borrowings*
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

The Group's loans and borrowings include accounts payable, accrued expenses, advances from related parties, long-term loans payable, lease liabilities and refundable deposits.

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

*c. Offsetting Financial Instruments*
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Real Estate Held for Sale and Development
Real estate held for sale and development consists of property constructed for sale, subdivision land for sale and development and land and improvements.

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as real estate held for sale and development and is valued at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs to complete and sell.

The Group currently recognizes land held for lease as a portion of real estate held for sale and development and is intended for sale. In cases when sale is made during the lease period, the Group shall assume all obligations and will indemnify the lessee for damages suffered.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

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

The net amount of tax recoverable from, or payable to, the tax authority is included as part of other current assets or payables in the Group's consolidated statement of financial position.

Investment Properties
Investment properties comprise land and improvements and condominium and commercial spaces that are held to earn rentals and that are not occupied by the companies in the Group.

The Group uses the cost model in measuring investment properties since this represents the historical value of the properties subsequent to initial recognition. Investment properties, except for land, are carried at cost less accumulated depreciation and amortization and any impairment in residual value. Land is carried at cost less any impairment in value.

Expenditures incurred after the investment property has been put in operation, such as repairs and maintenance costs, are normally charged against income in the period in which the costs are incurred.

Depreciation of investment properties are computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives and the depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of investment properties.

The estimated useful life of investment properties which is comprised of building is 30 years.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of income in the year of retirement or disposal.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Investment in an Associate
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating decisions of the investee, but is not control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognizes any remaining investment at its fair value. Any difference in the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the remaining investment and proceeds from disposal is recognized in the consolidated statement of income. When the Group's interest in an investment in associate or joint venture is reduced to zero, additional losses are provided only to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the investee that the Group has guaranteed or otherwise committed. If the associate subsequently reports profits, the Group resumes recognizing its share of the profits if it equals the share of net losses not recognized.

The financial statements of the associates are prepared for the same reporting period as the Group. The accounting policies of the associates and joint ventures conform to those used by the Group for like transactions and events in similar circumstances.

Property and Equipment
Property and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

It is the Group's policy to classify right-of-use assets as part of property and equipment. The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and lease term. Right-of-use assets are subject to impairment.

Depreciation commences once the assets are available for use and is computed on a straight-line basis over the following estimated useful lives of the assets:

| | Years |
|---|---|
| Transportation equipment | 5 |
| Office furniture, fixtures and equipment | 10 |
| Leasehold improvements | 5 or term of the lease, whichever is shorter |

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

Construction in progress, included in property and equipment, is stated at cost. Cost of construction in progress includes cost of construction, capitalized borrowing cost and other directly attributable cost of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for use.

When property and equipment are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment loss are removed from the accounts, and any resulting gain or loss is credited to or charged against current operations.

Fully depreciated property and equipment are retained in the accounts while still in use although no further depreciation is credited or charged to current operations.

Advances to Contractors

Advances to contractors are carried at cost less impairment losses, if any. These represent advance payments to contractors for the construction and development of real estate held for sale and development and property and equipment. These are recouped upon every progress billing payment depending on the percentage of accomplishment and are classified based on the final classification of the asset to which it is intended for (i.e., real estate held for sale and development and property and equipment).

Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that any item of investment in an associate, property and equipment, investment properties and other nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes a formal estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the cash generating unit to which it belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). Impairment losses of continuing operations are recognized in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity

*Capital stock and additional paid-in capital*

The Group records capital stock at par value and additional paid-in capital for the excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred which are directly attributable to the issuance of new shares are deducted from additional paid-in capital.

*Retained earnings*

Retained earnings represent accumulated earnings of the Group less dividends declared, and any adjustments arising from application of new accounting standards, policies on corrections of errors applied retrospectively.

*Other equity reserve*

Other equity reserve pertains to the additional ownership acquired from the Group's non-controlling interests.

Other Comprehensive Income (OCI)

OCI includes items of income and expense that are not recognized in the profit or loss for the year in accordance with PFRS. The Group's OCI pertains to remeasurement loss arising from defined benefit pension plan which cannot be recycled to profit or loss.

Revenue from Contracts with Customers

The Group primarily derives its real estate revenue from the sale of lots and condominium units. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

*Real estate sales*

The Group derives its real estate revenue from sale of lots, house and lots, and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period (or percentage of completion) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

In measuring the progress of its performance obligation over time, the Group uses the input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated development costs of the real estate project. The Group uses the costs accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

Estimated development costs of the real estate project include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis.

Any excess of collections over the total of recognized installment contract receivables is included in the "contract liabilities" account in the liabilities section of the consolidated statement of financial position.

*Cost recognition*
The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset only costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

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

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

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

The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

*Costs to obtain contract*
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group has determined that commissions paid to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of real estate sales and services" account in the consolidated statement of comprehensive income.

Costs incurred prior to obtaining contract with customer are not capitalized but are expensed as incurred.

*Contract fulfillment assets*
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of this criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs.

*Amortization, de-recognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract*
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or cost to obtain a contract maybe impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits. Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue Recognition
*Rental income*
Rental income from noncancellable operating leases is recognized on a straight-line basis over the lease term. Rental income from cancellable operating leases is recognized based on terms of the lease contract.

*Interest income*
Interest is recognized as it accrues using the effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

*Miscellaneous income*
Miscellaneous income includes income from penalties earned from late payments of buyers. Forfeiture of collections and penalties for late payments are recognized based on the contractual terms of the agreement.

General and administrative expenses
General and administrative expenses constitute costs of administering the business. These expenses are recognized as incurred and measured based on the amounts paid or payable.

Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

*Lease liabilities*
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

*Group as a lessor*
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. In determining significant risks and benefits of ownership, the Group considers, among others, the significance of the lease term as compared with the EUL of the related asset. Rental income is recognized over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which use benefit is derived.

*Lease modification*
Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

A lessor shall account for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification that change would generally be accounted for as a negative variable lease payment. In the case of an operating lease, a lessor recognizes the effect of the rent concession by recognizing lower income from leases.

Borrowing Costs
Borrowing costs incurred during the construction period on borrowings used to finance property development are capitalized as part of development costs (included in "Real estate held for sale and development" and "Property and equipment" accounts in the consolidated statement of financial position). Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

Capitalized borrowing cost is based on applicable weighted average borrowing rate for those coming from general borrowings and the actual borrowing costs eligible for capitalization for funds borrowed specifically.

Pension Expense
The pension liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning projected salaries.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the defined benefit liability
- Remeasurements of defined benefit liability

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the defined benefit liability. Interest on the defined benefit liability is recognized as expense in profit or loss.

Remeasurements comprising actuarial gains and losses are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Taxes

*Current income tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted as at the reporting date.

*Deferred tax*

Deferred tax is provided on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits or unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax relating to items recognized outside of profit or loss is recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period adjusted for any stock dividends issued. Diluted EPS is computed by dividing net income for the period attributable to common stockholders by the weighted average number of common shares issued and outstanding during the period after giving effect to assumed conversion of potential common shares. Basic and diluted EPS are adjusted to give retroactive effect to any stock dividends declared during the period.

Segment Reporting
The Group's business is organized and managed according to nature of the products and services provided comprising of construction and real estate operations. Financial information on business segment is presented in Note 23.

Provisions
Provisions are recognized when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, 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 interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingencies
Contingent liabilities are not recognized in the consolidated 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 consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events up to the date the consolidated financial statements were authorized for issue that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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

The preparation of the consolidated financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements, requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group'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 consolidated financial statements:

*Existence of a contract*
The Group's primary document for a contract with a customer is a signed contract to sell. In cases wherein contract to sell are not signed by both parties, the combination of its other signed documentation such as reservation agreement, official receipts and buyer's computation sheets would contain all the criteria to qualify as a contract with customers under PFRS 15. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the real estate property that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity considers the significance of the customer's initial payments in relation to the total contract price. Collectability is also assessed by considering factors such as past history of the customer, age and pricing of the property. Management regularly evaluates the historical cancellations and back-outs if it would still support its current threshold of customers' equity before commencing revenue recognition.

*Revenue recognition method and measure of progress*
The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date.

The Group has determined that input method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate development to the customers.

*Impairment testing of financial assets*
*Definition of default and credit-impaired financial assets*
The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria - for installment contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where: (a) the customer is experiencing financial difficulty or is insolvent; (b) the customer is in breach of financial covenant(s); (c) concessions have been granted by the Group, for economic or contractual reasons relating to the customer's financial difficulty; and (d) it is becoming probable that the customer will enter bankruptcy or other financial reorganization.

The criteria above have been applied to the financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) throughout the Group's expected loss calculation.

*Incorporation of forward-looking information*
The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

To do this, the Group considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. Based on the Group's evaluation and assessment and after taking into consideration external actual and forecast information, the Group formulates a 'base case' view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

The base case represents a most-likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Group carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

*Distinction between real estate held for sale and development and investment properties*
The Group determines whether a property will be classified as real estate inventories or investment properties. In making this judgment, the Group considers whether the property will be sold in the normal operating cycle (real estate held for sale and development). All other properties that are not yet determined to be sold in the normal operating cycle are classified as investment properties.

*Impairment of nonfinancial assets*
The Group assesses impairment on its nonfinancial assets (i.e., property and equipment, investment in an associate, investment properties and other assets) and considers the following important indicators:

- Significant changes in asset usage;
- Significant decline in assets' market value;
- Obsolescence or physical damage of an asset;
- Significant underperformance relative to expected historical or projected future operating results; and,
- Significant negative industry or economic trends.

If such indications are present and where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect the carrying amount of the assets.

As of December 31, 2023 and 2022, carrying values follow:

| | **2023** | 2022 |
|---|---|---|
| Property and equipment (Note 11) | **₱790,070,038** | ₱637,305,250 |
| Investment in an associate (Note 9) | **228,348,543** | 228,348,543 |
| Investment properties (Note 8) | **470,516,508** | 475,830,557 |
| Advances to contractors | **67,263,652** | 66,204,181 |
| Other assets (Note 10) | **278,711,921** | 258,868,296 |

*Determination of lease term of contracts with renewal options - Group as a lessee*
The Group has lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal period of its lease contracts since the renewal options are based on mutual agreement, thus not enforceable (see Note 21).

<u>Management's Use of Estimates</u>
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 as follows:

*Revenue recognition*
The Group's real estate sales is based on the percentage-of-completion method measured principally based on total actual cost of resources consumed such as materials, labor hours expended and actual overhead incurred over the total expected project development cost. Actual costs also include incurred costs but not yet billed which are estimated by the project engineers. Expected project development costs include costs of land, land development, building costs, professional fees, depreciation of equipment directly used in the construction, payments for permits and licenses. Revisions in estimated development costs brought about by increases in projected costs in excess of the original budgeted amounts, form part of total project costs on a prospective basis and is allocated between costs of sales and real estate inventories.

*Provision for expected credit losses of trade receivables*
The Group uses vintage analysis approach to calculate ECLs for installment contracts receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historically observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

For the years ended December 31, 2023 and 2022, the Group has not recognized any provision for ECL. As of December 31, 2023 and 2022, the carrying value of receivables amounted to ₱62.68 million and ₱79.24 million, respectively (see Note 5).

*Evaluation of NRV of real estate held for sale and development*
The Group reviews the NRV of real estate held for sale and development in the consolidated statement of financial position, and compares it with the cost, since assets should not be carried in excess of amounts expected to be realized from sale. Real estate held for sale and development are written down below cost when the estimated NRV is found to be lower than the cost.

NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in light of recent market transactions and having taken suitable external advice. NRV in respect of inventory under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction. In evaluating NRV, recent market conditions and current market prices have been considered.

The Group estimates that the NRV of real estate held for sale and development is greater than its cost. The carrying value of real estate held for sale and development amounted to ₱3,233.98 million and ₱3,042.46 million as of December 31, 2023 and 2022, respectively (see Note 7).

*Recognition of deferred tax assets*
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable profit to allow all or part of deferred tax assets to be utilized. The Group looks at its projected performance in assessing the sufficiency of future taxable income on which deferred tax assets can be applied.

The Group recognized deferred tax assets amounting to ₱49.68 million and ₱41.86 million as of December 31, 2023 and 2022, respectively (see Note 19).

*Estimating pension cost and obligation*
The determination of the Group's obligation and cost for pension is dependent on selection of certain assumptions used by actuaries in calculating such amounts. In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The salary increase rate was assumed taking into consideration the prevailing inflation rate and Group policy. The turnover rate was assumed based on the result of the most recent experience study of margins for fluctuations. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect pension obligation.

The carrying value of pension liability amounted to ₱11.17 million and ₱9.62 million as of December 31, 2023 and 2022, respectively (see Note 16).

## 4. Cash

This account consists of:

| | 2023 | 2022 |
|---|---|---|
| Cash in banks | **₱28,409,155** | ₱37,585,296 |
| Cash on hand | **167,504** | 184,147 |
| | **₱28,576,659** | ₱37,769,443 |

Cash in banks are stated at nominal amount and earn interest at the respective bank deposit rates of 0.125% to 0.25% in 2023 and 2022.

Interest income derived from cash in banks amounted to ₱49,997, ₱30,434, and ₱4,820 in 2023, 2022 and 2021, respectively (see Note 17).

## 5. Receivables

This account consists of:

| | 2023 | 2022 |
|---|---|---|
| Installment contracts receivable | **₱28,090,784** | ₱51,196,278 |
| Advances to associate (Note 14) | **22,000,000** | 20,000,000 |
| Advances to homeowners' association | **6,400,000** | 4,400,000 |
| Accrued rent receivable (Note 21) | **3,592,859** | 1,064,451 |
| Interest receivable | **1,008,517** | 979,302 |
| Others | **1,604,218** | 1,610,671 |
| | **62,696,378** | 79,250,702 |
| Less allowance for expected credit loss on accrued rent receivables | **11,819** | 11,819 |
| | **62,684,559** | 79,238,883 |
| Less noncurrent portion | **13,062,117** | 5,621,637 |
| Current portion | **₱49,622,442** | ₱73,617,246 |

Installment contracts receivable are collectible in equal monthly principal installments with various terms up to a maximum of 10 years and are secured by the related property sold from real estate held for sale. The receivables bear interest rates ranging from 8.00% to 16.00% per annum computed on the diminishing balance of the principal in 2023 and 2022. Titles to the sold units are transferred to the buyers only upon full payment of the contract price.

The Group recognized interest income pertaining to its receivables amounting to ₱0.83 million, ₱1.36 million and ₱2.13 million in 2023, 2022 and 2021, respectively.

The Group's allowance for expected credit losses on accrued rent receivables amounted to ₱0.01 million as of December 31, 2023 and 2022.

The carrying value of the Group's accrued rent receivables as of December 31, 2023 and 2022 follows:

| | 2023 | 2022 |
|---|---|---|
| Accrued rent receivable | **₱3,592,859** | ₱1,064,451 |
| Less allowance for expected credit loss | **11,819** | 11,819 |
| | **₱3,581,040** | ₱1,052,632 |

The rollforward analysis of allowance for expected credit loss are as follow:

| | 2023 | 2022 |
|---|---|---|
| Balance at beginning of year | **₱11,819** | ₱637,552 |
| Reversal from sale cancellation | **–** | (625,733) |
| Balance at end of year | **₱11,819** | ₱11,819 |

Advances to homeowners' association pertain to receivables from Goldendale, The Richdale Village and Stratosphere Condominium Homeowners' Association to fund its daily expenses. These are unsecured and have no fixed terms in relation to these advances.

Accrued rent receivable pertains to the lease receivable from the rent of the Group's properties.

Interest receivable pertains to the interest due from the customers with long-term interest-bearing amounts due to the Group.

## 6. Contract Balances

Contract Liabilities
Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the recognized receivables based on percentage of completion.

The amount of revenue recognized in 2022 from amounts included in contract liabilities at the beginning of the year amounted to ₱19.90 million (nil in 2023).

Contract liabilities as of December 31, 2023 amounted to ₱9.52 million (nil in 2022).

Performance Obligation
Information about the Group's performance obligations are summarized below:

*Real estate sales*
The Group entered into contracts to sell with one identified performance obligation which is the sale of the real estate unit together with the services to transfer the title to the buyer upon full payment of contract price. The amount of consideration indicated in the contract to sell is fixed and has no variable consideration.

The sale of real estate unit may cover either the (a) lot; (b) house and lot (c) condominium unit and (d) office space and the Group concluded that there is one performance obligation in each of these contracts. The Group recognizes revenue from the sale of these real estate projects under pre-completed contract over time during the course of the construction.

Payment commences upon signing of the purchase application form and the consideration is payable in cash or under various financing schemes of up to maximum of 5 or 10 years. The financing scheme would include down payment of 20% to 30% of the contract price spread over a certain period (e.g., one to two years) at a fixed monthly payment with the remaining balance payable (a) in full at the end of the period either through cash or external financing; or (b) through in-house financing which ranges from two (2) to ten (10) years with fixed monthly payment. The amount due for collection under the amortization schedule for each of the customer does not necessarily coincide with the progress of construction, which results to either a contract asset or contract liability.

The performance obligation is satisfied upon delivery of the completed real estate unit. The Group provides one-year warranty to repair minor defects on the delivered house and lot, condominium unit and office space. This is assessed by the Group as a quality assurance warranty and not treated as a separate performance obligation.

## 7. Real Estate Held for Sale and Development

This account consists of:

| | **2023** | 2022 |
|---|---|---|
| At cost: | | |
| Residential, commercial and office spaces | **₱2,235,782,889** | ₱2,073,960,915 |
| Land and improvements | **829,635,603** | 804,382,656 |
| Subdivision land held for sale and development | **144,661,976** | 140,215,639 |
| Condominium units | **23,898,532** | 23,898,532 |
| | **₱3,233,979,000** | ₱3,042,457,742 |

Residential, commercial and office spaces include the construction costs incurred on the ongoing construction of Primex Tower.

Land and improvements pertain to properties held for future development.

Subdivision land held for sale and development includes properties that are being developed and have undergone development and are being sold in the normal operating cycle.

Condominium units consist of completed units within a property that is being sold in the Group's normal operating cycle.

The movements in the real estate held for sale and development as of December 31 follow:

**2023**

| | **Residential, commercial and office spaces** | **Condominium units** | **Subdivision land held for sale and development** | **Land and improvements** | **Total** |
|---|---|---|---|---|---|
| **Balances at beginning of year** | **₱2,073,960,915** | **₱23,898,532** | **₱140,215,639** | **₱804,382,656** | **₱3,042,457,742** |
| Construction/development costs incurred | **197,018,099** | **–** | **4,446,337** | **25,252,947** | **226,717,383** |
| Disposals recognized as cost of sales (Note 18) | **(35,196,125)** | **–** | **–** | **–** | **(35,196,125)** |
| **Balances at end of year** | **₱2,235,782,889** | **₱23,898,532** | **₱144,661,976** | **₱829,635,603** | **₱3,233,979,000** |

2022

| | Residential, commercial and office spaces | Condominium units | Subdivision land held for sale and development | Land and improvements | Total |
|---|---|---|---|---|---|
| Balances at beginning of year | ₱1,984,286,578 | ₱23,898,532 | ₱142,726,209 | ₱803,297,980 | ₱2,954,209,299 |
| Construction/development costs incurred | 739,030,557 | – | 307,775 | 1,084,676 | 740,423,008 |
| Disposals recognized as cost of sales (Note 18) | (21,905,637) | – | (2,818,345) | – | (24,723,982) |
| Transfer to property and equipment (Note 11) | (627,450,583) | – | – | – | (627,450,583) |
| Balances at end of year | ₱2,073,960,915 | ₱23,898,532 | ₱140,215,639 | ₱804,382,656 | ₱3,042,457,742 |

No write-down of inventories was recognized in 2023, 2022 and 2021.

Interest expense capitalized as part of real estate held for sale and development amounted to ₱100.73 million, ₱73.90 million and ₱38.58 million in 2023, 2022 and 2021, respectively (see Note 13).

As of December 31, 2023 and 2022, certain residential, commercial and office spaces located in San Juan, Metro Manila with carrying value of ₱3,003.26 million and ₱2,701.41 million, respectively, were used as collateral to secure the Group's bank loans (see Note 13).

## 8. Investment Properties

Rollforward analysis of the account is as follows:

| | 2023 | | |
|---|---|---|---|
| | **Condominium and Commercial units** | **Land** | **Total** |
| **Cost** | | | |
| Balances at beginning of year | **₱440,644,262** | **₱79,896,297** | **₱520,540,559** |
| Additions | **8,928,571** | **–** | **8,928,571** |
| Balances at end of year | **449,572,833** | **79,896,297** | **529,469,130** |
| **Accumulated Depreciation** | | | |
| Balances at beginning of year | **44,710,002** | **–** | **44,710,002** |
| Depreciation (Note 18) | **14,242,620** | **–** | **14,242,620** |
| Balances at end of year | **58,952,622** | **–** | **58,952,622** |
| **Net Book Value** | **₱390,620,211** | **₱79,896,297** | **₱470,516,508** |

| | 2022 | | |
|---|---|---|---|
| | Condominium and Commercial units | Land | Total |
| Cost | | | |
| Balances at beginning and end of year | ₱440,644,262 | ₱79,896,297 | ₱520,540,559 |
| Accumulated Depreciation | | | |
| Balances at beginning of year | 30,045,770 | – | 30,045,770 |
| Depreciation (Note 18) | 14,664,232 | – | 14,664,232 |
| Balances at end of year | 44,710,002 | – | 44,710,002 |
| Net Book Value | ₱395,934,260 | ₱79,896,297 | ₱475,830,557 |

Investment properties consist of condominium units, commercial spaces and land held for operating lease for third parties. Total rental income arising from investment properties amounted to ₱97.16 million, ₱39.17 million and ₱30.11 million in 2023, 2022 and 2021, respectively.

Direct operating expenses incurred from rental operations of the Group amounted to ₱14.24 million in 2023 and ₱14.66 million in 2022 and 2021 (see Note 18).

The fair value of investment properties amounted to ₱1,875.10 million and ₱2,276.68 million as at December 31, 2023 and 2022, respectively. The fair values of investment properties have been internally determined by reference to other similar transaction in the market. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The value of the investment properties was arrived at using the Market Data Approach. In this approach, the value of the investment properties is based on sales and listings of comparable property registered in the vicinity which is classified under Level 3 hierarchy. The Group has no restrictions on the realizability of its investment properties.

The significant unobservable inputs to valuation of investment properties ranges from ₱136,000 to ₱206,000 per sqm.

## 9. Investment in an Associate

As of December 31, 2023 and 2022, the Group's investment in an associate represents its investment in PDC representing ownership interest of 42.86%. PDC is a corporation duly organized and existing under laws of the Republic of the Philippines. It is primarily engaged and carry on the business of real estate leasing and selling. The registered office address of PDC is at Ground Floor, Richbelt Terraces, 19 Annapolis Street, Greenhills, San Juan, Metro Manila, Philippines.

PDC has no operation nor commenced the transaction of its business. However, in 2021, the Group recognized its share in net earnings of the associate amounting to ₱14.05 million arising from a one-off transaction of PDC. The Group's investment in PDC amounted to ₱228.35 million as of December 31, 2023 and 2022.

As of December 31, 2023 and 2022, there was no restriction on the ability of the associate to transfer funds to the Group in the form of cash dividends or to repay advances made by the Group.

Below is the summarized financial information of PDC as of December 31, 2023 and 2022:

| | **2023** | 2022 |
|---|---|---|
| Total Assets | | |
| Current assets | **₱15,956,551** | ₱13,220,053 |
| Noncurrent assets | **1,438,125,642** | 1,470,427,399 |
| | **₱1,454,082,193** | ₱1,483,647,451 |
| Total liabilities | **₱655,176,326** | ₱904,741,584 |
| Equity | **₱798,905,867** | ₱578,905,867 |
| Net income | **₱–** | ₱– |

## 10. **Other Assets**

| | **2023** | 2022 |
|---|---|---|
| Other current assets: | | |
| Input VAT | **₱202,628,215** | ₱203,267,814 |
| Creditable withholding tax | **57,389,340** | 45,769,946 |
| Prepaid taxes | **2,944,245** | 3,313,706 |
| Prepaid insurance | **737,684** | 174,683 |
| Deferred charges | **428,536** | 401,893 |
| Advances to employees | **2,000** | 390,649 |
| Others | **1,059,436** | 327,780 |
| | **₱265,189,456** | ₱253,646,471 |
| Other noncurrent assets: | | |
| Deposits (Note 21) | **₱7,640,213** | ₱5,218,485 |
| Others | | |
| | **₱13,522,465** | ₱5,221,825 |

Input VAT represents taxes imposed on the Group for the acquisition of lots, purchase of goods from its suppliers and availment of services from its contractors, as required by Philippine taxation laws and regulations. This will be used against future output VAT liabilities or will be claimed as tax credits.

Prepaid taxes pertain to taxes and licenses paid in advance by the Group.

Advances to employees represent advances for operational purposes and are collected through salary deduction.

Deposits consist of guarantee deposits and amounts paid to utility providers for service application.

## 11. **Property and Equipment**

The composition of and movements in this account follow:

| | **2023** | | | | | |
|---|---|---|---|---|---|---|
| | **Transportation Equipment** | **Office Furniture, Fixtures and Equipment** | **Leasehold Improvements** | **Right-of-Use Assets – Showroom** | **Construction in Progress** | **Total** |
| **Cost** | | | | | | |
| At beginning of year | **₱38,050,601** | **₱17,540,099** | **₱7,882,731** | **₱18,640,817** | **₱627,450,583** | **₱709,564,831** |
| Additions | **–** | **62,010** | **–** | **18,407,301** | **139,983,039** | **158,452,350** |
| At end of year | **38,050,601** | **17,602,109** | **7,882,731** | **37,048,118** | **767,433,622** | **868,017,181** |
| **Accumulated Depreciation and Amortization** | | | | | | |
| At beginning of year | **33,611,107** | **15,803,640** | **6,374,136** | **16,470,698** | **–** | **72,259,581** |
| Depreciation and amortization (Notes 18 and 21) | **1,164,933** | **282,213** | **229,566** | **4,010,850** | **–** | **5,687,562** |
| At end of year | **34,776,040** | **16,085,853** | **6,603,702** | **20,481,548** | **–** | **77,947,143** |
| **Net Book Value** | **₱3,274,561** | **₱1,516,256** | **₱1,279,029** | **₱16,566,570** | **₱767,433,622** | **₱790,070,038** |

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | Transportation Equipment | Office Furniture, Fixtures and Equipment | Leasehold Improvements | Right-of-Use Assets – Showroom | Construction in Progress | Total |
| Cost | | | | | | |
| At beginning of year | ₱32,729,172 | ₱17,102,649 | ₱7,882,731 | ₱18,640,817 | ₱– | ₱76,355,369 |
| Additions | 5,321,429 | 437,450 | – | – | – | 5,758,879 |
| Transfer from real estate held for sale and development (Note 7) | – | – | – | – | 627,450,583 | 627,450,583 |
| At end of year | 38,050,601 | 17,540,099 | 7,882,731 | 18,640,817 | 627,450,583 | 709,564,831 |
| Accumulated Depreciation and Amortization | | | | | | |
| At beginning of year | 32,694,201 | 15,198,285 | 6,097,301 | 12,750,493 | – | 66,740,280 |
| Depreciation and amortization (Notes 18 and 21) | 916,906 | 605,355 | 276,835 | 3,720,205 | – | 5,519,301 |
| At end of year | 33,611,107 | 15,803,640 | 6,374,136 | 16,470,698 | – | 72,259,581 |
| Net Book Value | ₱4,439,494 | ₱1,736,459 | ₱1,508,595 | ₱2,170,119 | ₱627,450,583 | ₱637,305,250 |

The Group reclassified certain areas in Primex Tower project to property and equipment amounting to ₱627.45 million in 2022 (nil in 2023) (see Note 7).

Interest expense capitalized and included under "Property and equipment" in the Group's statement of financial position amounted to ₱30.12 million and ₱22.09 million in 2023 and 2022 (nil in 2021) (see Note 13).

The Group has no restrictions on its property and equipment and none of these have been pledged as security for its obligations.

## 12. **Accounts and Other Payables**

This account consists of:

| | **2023** | 2022 |
|---|---|---|
| Accounts payable (Note 14) | **₱345,364,967** | ₱364,949,432 |
| Refundable deposits | **192,677,184** | 55,709,165 |
| Advances from associate (Note 14) | **60,832,560** | 94,219,504 |
| Advance rent | **18,765,725** | 29,068,013 |
| Advances from stockholders (Note 14) | **7,700,000** | 7,500,000 |
| Accrued expenses | **1,143,048** | 1,930,794 |
| Withholding tax payable | **251,896** | 1,199,388 |
| Others | **6,591,659** | 6,630,277 |
| | **₱633,327,039** | ₱561,206,573 |

Accounts payable are amounts due to suppliers and contractors on development costs incurred on its real estate projects under development. These are noninterest bearing and are generally settled on a 30- to 60-day term.

Refundable deposits pertain to the sum of money that the lessee agrees to pay upon signing of lease contract which will be refunded at the end of the lease term. As of December 31, 2023, and 2022, the refundable deposits amounting to ₱192.68 million and ₱55.71 million, respectively, are recorded at fair value, which approximates its carrying amount due to the relatively short-term nature of these transactions.

Interest expense arising from the accretion of refundable deposits amounted to ₱0.15 million, and ₱0.31 million in 2022 and 2021, respectively (nil in 2023).

Advance rent pertains to payments from the lessees for the rental of the Company's properties to be applied in the next period.

Accrued expenses include accruals of general and administrative expense and interest expenses and are normally settled on 15- to 60-day terms.

Other payables consist of amounts owed to the government for statutory payments such as Social Security System and PAG-IBIG contributions and withholding taxes. These are remitted on a monthly basis.

13. **Long-term Loans Payable**

The carrying amount of long-term loans is as follows:

| | **2023** | 2022 |
|---|---|---|
| Principal balance at beginning of year | **₱2,244,727,698** | ₱1,482,159,066 |
| Availments | **480,000,000** | 841,957,521 |
| Payments | **(356,888,889)** | (79,388,889) |
| Principal balance at end of year | **2,367,838,809** | 2,244,727,698 |
| Unamortized discount | **(19,458,965)** | (19,155,011) |
| Carrying amount | **2,348,379,844** | 2,225,572,687 |
| Less: current portion of long-term loans | **(579,015,803)** | (448,398,558) |
| | **₱1,769,364,041** | ₱1,777,174,129 |

The Group entered into loan agreements with local commercial banks as follows:

Primex Corporation

a. On March 4, 2019 and December 11, 2019, PC obtained a four-year and five-year long-term loan facilities from a local bank amounting to ₱95.00 million and ₱120.00 million, respectively which are payable on installment basis with floating interest rate of 6.25% and 5.50%, respectively. The proceeds of the loans will used for working capital requirements. The principal amounts are payable in 47 equal monthly installments of ₱0.90 million and ₱1.11 million, respectively, commencing on April 3, 2020 and with a single payment on the remaining loan balance at end of the term. Total principal payments amounted to ₱23.89 million and ₱23.89 million in 2023 and 2022.

b. On December 20, 2022 and December 29, 2022, PC obtained short-term loan facilities from a local bank amounting to ₱55.00 million and ₱40.00 million to be used for working capital requirements. The 50% of the principal amount is payable on the 5th and 6th month from date of borrowing. The remaining principal amount is payable in two equal monthly amortization commencing on the 11th and 12th month. The loan is subject to floating interest rates of 5.75% and 4.88%.

   These loans were rolled over on April 28, 2023 and May 22, 2023. These are five-year long-term loan facilities from a local bank amounting to ₱40.00 million and ₱55.00 million, respectively which are payable on installment basis with floating interest rate of 6%. The proceeds of the loans will be used for working capital requirements. The principal amounts are payable in 49 equal monthly installments of ₱0.37 million and ₱0.51 million, respectively, commencing on April 4, 2023 and June 4, 2023, respectively with a single payment on the remaining loan balance at end of the term. No principal payment was made in 2023.

c. On May 4, 2023 and May 22, 2023, PC obtained a five-year long-term loan facilities from a local bank amounting to ₱25.00 million and ₱80.00 million, respectively which are payable on installment basis with floating interest rate of 6%. The proceeds of the loans will be used for working capital requirements. The principal amounts are payable in 49 equal monthly installments of ₱0.23 million and ₱0.74 million, respectively, commencing on June 4, 2023 and with a single payment on the remaining loan balance at end of the term. No principal payment was made in 2023.

   In 2023, 2022 and 2021, interests and other financing costs arising from the above bank loans as included under "Interest expense" in the consolidated statement of comprehensive income amounted to of ₱18.80 million, ₱7.67 million and ₱10.83 million, respectively.

Primex Realty Corporation

d. In 2019, PRC obtained long-term loan facilities amounting to ₱277 million and ₱135 million from a local bank with fixed and floating rates ranging from 5.50% to 5.75% and 6.25%, respectively to be used for the construction of Primex Tower and payment of dividends. The principal amounts are payable in 72 equal monthly amortizations commencing on November 23, 2022. Total principal payments amounted to ₱68.67 million and ₱11.44 million in 2023 and 2022, respectively.

e. In 2020, PRC obtained long-term loan facilities amounting to ₱20.00 million, ₱75.00 million and ₱6.66 million from a local bank with fixed and floating rates ranging from 4.38% to 4.64% and 4.99%, respectively, to be used for the construction of Primex Tower. The principal amounts are payable in 72 equal monthly amortizations commencing on November 23, 2022. Total principal payments amounted to ₱16.94 million and ₱2.64 million in 2023 and 2022.

f. In 2021, PRC obtained long-term loan facilities with total amount of ₱795.31 million from a local bank with floating rates of 4.38%, to be used for the construction of Primex Tower. The principal amounts are payable in 72 equal monthly amortizations commencing on November 23, 2022. Total principal payments amounted to ₱132.55 million and ₱22.28 million in 2023 and 2022.

g. In 2022, PRC obtained long-term loan facilities with total amount of ₱689.04 million from a local bank with floating rates of ranging from 4.38% to 5.75%, to be used for the construction of Primex Tower. The principal amounts are payable on 72 equal monthly amortizations commencing on November 23, 2022. Total principal payments amounted to ₱114.84 million and ₱19.14 million in 2023 and 2022.

h. In 2022, PRC obtained long-term loan facilities with total amount of ₱50.00 million from a local bank with floating rates of 5.00%, to be used for the construction of Primex Tower. The principal amounts are payable on 84 equal monthly amortizations commencing on October 27, 2025. No principal payments made in 2023 and 2022.

i. In 2023, PRC obtained long-term loan facilities with total amount of ₱290.00 million from a local bank with floating rates ranging from 6.5% to 7%, to be used for the construction of Primex Tower. The principal amounts are payable on 84 equal monthly amortizations commencing on October 27, 2025. No principal payment was made in 2023.

j. In 2023, PRC obtained long-term loan facilities with total amount of ₱85.00 million from a local bank with floating rates of 5.86%, to be used for the construction of Primex Tower. The principal amounts are payable on 48 equal monthly amortizations commencing on December 16, 2026. No principal payment was made in 2023.

Movement in unamortized discount as of December 31, 2023 and 2022 follows:

| | **2023** | 2022 |
|---|---|---|
| Beginning balance | **₱19,155,011** | ₱8,569,827 |
| Additions | **4,312,500** | 13,812,377 |
| Amortization | **(4,008,546)** | (3,227,193) |
| Ending balance | **₱19,458,965** | ₱19,155,011 |

Interest expense capitalized and included under "Real estate held for sale and development" in the Company's statement of financial position amounted to ₱100.73 million, ₱73.90 million and ₱38.58 million in 2023, 2022 and 2021, respectively (see Note 7). Interest expense capitalized and included under "Property and equipment" in the Company's statement of financial position amounted to ₱30.12 million and ₱22.09 million in 2023 and 2022 (nil in 2021) (see Note 11).

Real estate held for sale and development with a carrying amount of ₱3,003.26 million and ₱2,701.41 million as of December 31, 2023 and 2022, respectively, were used as collateral to secure the bank loans described in (b), (c), (d), (e) and (f) above (see Note 7). There are no debt covenants from the above long-term loans payable.

## 14. Related Party Transactions

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

The Group, in the regular conduct of business, has entered into transactions with related parties principally consisting of reimbursement of expenses and advances. There have been no guarantees provided or received for any related party receivables or payables.

**2023**

| **Category** | **Amount/Volume** | **Receivables (Payables)** | **Terms and Conditions** |
|---|---|---|---|
| **Advances to** (Note 5) | | | |
| Associate | **₱2,000,000** | **₱22,000,000** | Due and demandable; no impairment |
| **Advances from** (Note 12) | | | |
| Associate | **₱33,386,944** | **(₱60,832,560)** | Payable within 1 year; unsecured; non-interest bearing |
| Stockholders | **200,000** | **(7,700,000)** | Payable within 1 year; unsecured; non-interest bearing |
| **Accounts payable** (Note 12) | – | **(263,450,000)** | Payable within 1 year; unsecured; non-interest bearing |

2022

| Category | Amount/Volume | Receivables (Payables) | Terms and Conditions |
|---|---|---|---|
| Advances to (Note 5) | | | |
| Associate | ₱20,000,000 | ₱20,000,000 | Due and demandable; no impairment |
| Stockholders | (16,000,000) | − | Due and demandable |
| | | ₱20,000,000 | |
| Advances from (Note 12) | | | |
| Associate | (₱252,872,703) | (₱94,219,504) | Payable within 1 year; unsecured; non-interest bearing |
| Stockholders | 5,092,907 | (7,500,000) | Payable within 1 year; unsecured; non-interest bearing |
| Accounts payable (Note 12) | 263,450,000 | (263,450,000) | Payable within 1 year; unsecured; non-interest bearing |

*Terms and conditions of transactions with related parties*
Related party balances at year-end are unsecured, interest-free and are expected to be settled once parties have followed through with the settlement. There have been no guarantees provided or received for any related party receivables or payables. Impairment assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates. Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash.

There are no agreements between the Group and any of its directors and key officers on providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plan.

The Parent Company has an approval requirement such that material related party transaction shall be reviewed by the BOD for approval. Material RPTs are those transactions that meet the threshold value as approved by the BOD amounting to 10% or higher of the Group's total consolidated assets based on its latest audited financial statements. The BOD will approve all material related party transactions that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material related party transactions previously approved, including but not limited to changes in price.

*Compensation of Key Management Personnel*
Salaries, including other short-term employee benefits and post-employment benefits of the Group's key management personnel amounted to ₱4.28 million, ₱5.34 million and ₱3.55 million for the years ended December 31, 2023, 2022 and 2021, respectively.

## 15. **Equity**

Paid-in Capital
Details of the Parent Company's paid-in capital as of December 31 follow:

| | **2023** | 2022 |
|---|---|---|
| Authorized shares | **4,500,000,000** | 4,500,000,000 |
| Par value per share | **₱0.20** | ₱0.20 |
| Issued and outstanding shares | **2,344,168,472** | 2,344,168,472 |

Rollforward analysis of the Parent Company's capital stock is as follows:

| | **2023** | | 2022 | |
|---|---|---|---|---|
| | **Shares** | **Amount** | Shares | Amount |
| Issued and outstanding capital stock | | | | |
| At beginning and end of year | **2,344,168,472** | **₱468,833,695** | 2,344,168,472 | ₱468,833,695 |

On August 10, 2001, the Parent Company launched its Initial Public Offering where a total of 200,000,000 common shares were offered at an offering price of ₱2.20 per share. The registration statement was approved on July 17, 2001 by SEC.

On February 5, 2013, a subscription agreement was entered into by the Parent Company and another third party corporation for an additional subscription of 17,000,000 shares of the Parent Company's common stock for a share price of ₱3.50 per share with the excess in par value amounting to ₱42.50 million recognized as additional paid-in capital. The Parent Company's subscription receivable amounting to ₱2.00 million was collected during 2014.

On November 24, 2015, the Parent Company's BOD approved the change in par value of the Parent Company's common shares from ₱1.00 per share to ₱0.20 per share. Following the approval, on November 25, 2015, the Parent Company's BOD approved the amendment of the Articles of Incorporation to reflect the change in par value of the authorized capital stock.

Subsequently, in a special stockholders' meeting held on January 29, 2016, the Parent Company secured the approval of the stockholders on the change in par value of capital stock from ₱1.00 per share to ₱0.20 per share and the amendment of the Articles of Incorporation. The SEC approved the change in par value of the Parent Company's capital stock on August 3, 2016.

On February 21, 2017, a subscription agreement was entered into by the Parent Company and third party corporations and an individual for an additional subscription of 45,000,000 shares of the Parent Company's common stock for a share price of ₱4.00 per share with the excess in par value amounting to ₱171.00 million recognized as additional paid-in capital.

On August 28, 2020, a subscription agreement was entered into by the Parent Company and PDC for an additional subscription of 220,036,054 shares of the Parent Company's common stock for a share price of ₱1.47 per share with the excess in par value amounting to ₱279.45 million recognized as additional paid-in capital. The subscribed shares were fully paid.

On November 6, 2020, a subscription agreement was entered into by the Parent Company and a third party for an additional subscription of 120,000,000 shares of the Parent Company's common stock for a share price of ₱1.47 per share with the excess in par value amounting to ₱152.40 million recognized as additional paid-in capital. The subscribed shares were fully paid.

On February 11, 2021, a subscription agreement was entered into by the Parent Company and a third party for an additional subscription of 342,465,753 shares of the Parent Company's common stock for a share price of ₱1.46 per share with the excess in par value amounting to ₱431.51 million recognized as additional paid-in capital. The subscribed shares were fully paid.

The Parent Company has 15 stockholders as of December 31, 2023 and 2022, respectively.

Retained Earnings
Retained earnings include the accumulated equity in undistributed net earnings of the consolidated subsidiaries and associate amounting to ₱368.82 million and ₱212.07 million as of December 31, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the subsidiaries.

In accordance with the Revised SRC Rule 68, the Parent Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 amounted to ₱210.82 million and ₱212.24 million, respectively.

On May 3, 2021, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱40.03 million with a date of record and payment of May 18, 2021 and June 10, 2021, respectively.

On November 17, 2021, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱9.85 million with a date of record and payment of December 2, 2021 and December 27, 2021, respectively.

On July 5, 2022, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱75.02 million with a date of record and payment of July 19, 2022 and August 10, 2022, respectively.

On July 21, 2023, Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.0027 per share or ₱6.33 million with a date of record and payment of August 4, 2023 and August 30, 2023, respectively.

Other Equity Reserve
The Group's other equity reserve amounting to ₱39.82 million as of December 31, 2023 and 2022 pertain to the change in the relative interests of the controlling and non-controlling interests of the Group resulting from the acquisition of the Group's non-controlling interests in PRC.

Capital Management
The primary objectives of the Group's capital management policies are to afford the financial flexibility to support its business initiatives and to maximize stakeholders value. The Group will manage its capital structure and make adjustments to it, in light of changes in economic condition. The Group's source of capital is its equity totaling to ₱2,110.04 million and ₱2,022.09 million as of December 31, 2023 and 2022, respectively.

No changes were made in the Group's capital management objectives, policies or processes during the years ended December 31, 2023 and 2022.

The Group is not subject to externally imposed capital requirements.

## 16. **Retirement Plan**

The Group has an unfunded, noncontributory defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on the employees' years of service. The latest actuarial valuation report was issued for the year ended December 31, 2023.

Republic Act 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The Group's retirement plan meets the minimum retirement benefit specified by the law.

The components of retirement expense included under general and administrative expenses in the consolidated statements of comprehensive income follow:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Current service cost | **₱199,430** | ₱234,499 | ₱282,798 |
| Interest cost | **668,382** | 423,798 | 336,031 |
| Total retirement expense (Note 18) | **₱867,812** | ₱658,297 | ₱618,829 |

The amounts recognized in the consolidated statements of financial position for the pension liability represent the present value of defined benefit obligation as of reporting date.

Changes in present value of the defined benefit obligation are as follow:

| | **2023** | 2022 |
|---|---|---|
| Balance at beginning of year | **₱9,617,221** | ₱8,872,402 |
| Current service cost | **199,430** | 234,499 |
| Interest cost | **668,382** | 423,798 |
| Remeasurement loss (gain) arising from: | | |
| Changes in financial assumptions | **263,501** | (664,480) |
| Experience adjustments | **418,210** | 751,002 |
| Balance at end of year | **₱11,166,744** | ₱9,617,221 |

The average duration of the defined benefit obligation at the end of the reporting period is 17 years.

The principal assumptions used to determine retirement benefits for the Group for the years ended December 31 are as follows:

| | **2023** | 2022 |
|---|---|---|
| Discount rate | **6.09%** | 6.93% |
| Salary increase rate | **5.00%** | 5.00% |

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation (DBO) as of December 31, assuming all other assumptions were held constant.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

| | | Effect on DBO | |
|---|---|---|---|
| | Increase (decrease) | **2023** | 2022 |
| Discount rate | 1.00% | **(₱291,774)** | (₱242,044) |
| | (1.00%) | **415,300** | 332,206 |
| Rate of salary increase | 1.00% | **416,823** | 340,628 |
| | (1.00%) | **(330,464)** | (266,639) |

The maturity analysis of the undiscounted benefit payments as of December 31 follows:

| | **2023** | 2022 |
|---|---|---|
| More than 1 year to 5 years | **₱9,721,364** | ₱7,277,596 |
| More than 5 to 10 years | **3,377,896** | 1,624,605 |
| More than 10 to 15 years | **15,582,574** | 17,077,155 |

## 17. Miscellaneous Income

This account consists of:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Interest income from banks (Note 4) | **₱49,997** | ₱30,434 | ₱4,820 |
| Gain on cancellation of sales | – | 7,279,765 | – |
| Equity in net earnings of associate (Note 9) | – | – | 14,053,543 |
| Others | **10,697,620** | 6,874,638 | 1,703,952 |
| | **₱10,747,617** | ₱14,184,837 | ₱15,762,315 |

Others pertain to income penalties earned from late payments of buyers for the scheduled installment contracts receivable payments as well as income derived from deposits resulting to forfeitures of potential real estate sales and reversal of allowance for impairment.

## 18. Costs and Expenses

Cost of real estate sales and services consist of:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Cost of real estate sales (Note 7) | **₱35,196,125** | ₱24,723,982 | ₱2,999,825 |
| Cost of rental (Note 8) | **14,242,620** | 14,664,232 | 14,664,232 |
| | **₱49,438,745** | ₱39,388,214 | ₱17,664,057 |

General and administrative expenses consist of:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Taxes and licenses | **₱15,202,485** | ₱15,162,968 | ₱24,849,012 |
| Repairs and maintenance | **12,814,483** | 6,895,914 | 572,197 |
| Light, water and dues | **10,717,384** | 19,460,796 | 4,880,404 |
| Salaries, wages and employee benefits | **10,389,011** | 9,561,079 | 9,270,030 |
| Depreciation and amortization (Note 11) | **5,687,562** | 5,519,301 | 6,023,689 |
| Security, messengerial and janitorial services | **2,236,226** | 2,146,138 | 2,135,296 |
| Insurance | **2,005,373** | 733,790 | 433,128 |
| Commission | **1,667,894** | 1,714,573 | 1,534,406 |
| Professional fees | **1,187,798** | 1,044,269 | 954,984 |
| Gas and oil | **1,092,347** | 976,245 | 584,504 |
| Retirement (Note 16) | **867,812** | 658,297 | 618,829 |
| Rent expense (Note 21) | **470,284** | 851,400 | 496,650 |
| Entertainment, amusement and recreation | **427,941** | 533,042 | 475,515 |
| Communication and transportation | **330,578** | 569,155 | 539,495 |
| Miscellaneous | **5,245,586** | 5,142,854 | 5,009,033 |
| | **₱70,342,764** | ₱70,969,821 | ₱58,377,172 |

Miscellaneous pertains to expenses incurred for office supplies, uniforms of employees and out-of-pocket expenses.

## 19. **Income Taxes**

Provision for (benefit from) income tax consists of:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Current | **₱3,223,686** | ₱8,066,257 | (₱1,407,895) |
| Deferred | **28,409,314** | 3,138,518 | (5,967,052) |
| Final | **9,390** | 6,087 | 964 |
| | **₱31,642,390** | ₱11,210,862 | (₱7,373,983) |

The components of net deferred tax assets follow:

| | **2023** | 2022 |
|---|---|---|
| **Presented in profit or loss** | | |
| *Deferred tax assets on:* | | |
| Pension liability | **₱1,132,670** | ₱1,027,895 |
| NOLCO | **677,966** | – |
| Unearned rent | – | 273,413 |
| MCIT | **567,673** | – |
| | **2,378,309** | 1,301,308 |
| *Deferred tax liabilities on:* | | |
| Amortization of transaction cost | **(410,166)** | (162,943) |
| Accretion of interest on receivables | – | (1,316) |
| Lease income differential between straight-line and accrual method of accounting for leases | – | (112,449) |
| | **(410,166)** | (276,708) |

*(Forward)*

| | 2023 | 2022 |
|---|---|---|
| **Presented in OCI** | | |
| *Deferred tax asset on:* | | |
| Remeasurement gain on defined benefit obligation | **₱315,573** | ₱183,387 |
| | **₱2,283,716** | ₱1,207,987 |

The components of net deferred tax liabilities follow:

| | 2023 | 2022 |
|---|---|---|
| **Presented in profit or loss** | | |
| *Deferred tax assets on:* | | |
| Pension liability | **₱915,554** | ₱803,378 |
| Deferred gross profit | **1,846,909** | 1,419,446 |
| Accrued expenses | **138,912** | 135,182 |
| Accretion of interest on receivables | **437,907** | 446,527 |
| Lease liabilities | **4,154,866** | 446,037 |
| Allowance for expected credit loss | **2,954** | 2,954 |
| NOLCO | **35,211,055** | 35,530,158 |
| MCIT | **3,854,145** | 1,198,132 |
| | **46,562,302** | 39,981,814 |
| *Deferred tax liabilities on:* | | |
| Capitalized borrowing costs | **(73,024,391)** | (41,447,585) |
| Amortization of transaction cost | **(2,473,875)** | (2,645,112) |
| Lease income differential between straight-line and accrual method of accounting for leases | **(735,494)** | (153,664) |
| Right-of-use assets | **(4,141,642)** | (197,245) |
| Accretion of interest on security deposit – net | **–** | 1,549 |
| | **(80,375,402)** | (44,442,057) |
| **Presented in OCI** | | |
| *Deferred tax asset on:* | | |
| Remeasurement gain on defined benefit obligation | **427,888** | 389,646 |
| | **(₱33,385,212)** | (₱4,070,597) |

As of December 31, 2023, the entities within the Group has incurred NOLCO which can be claimed as deduction from the regular taxable income, as follows:

NOLCO

| Inception Year | Amount | Used/Expired | Balance | Expiry Year |
|---|---|---|---|---|
| 2023 | ₱2,711,865 | ₱– | ₱2,711,865 | 2026 |
| 2022 | 81,067,093 | – | 81,067,093 | 2025 |
| 2021 | 61,053,540 | (1,276,414) | 59,777,126 | 2026 |
| | ₱144,832,498 | (₱1,276,414) | ₱143,556,084 | |

MCIT

| Inception Year | Amount | Used/Expired | Balance | Expiry Year |
|---|---|---|---|---|
| 2023 | ₱3,223,686 | ₱– | ₱3,223,686 | 2026 |
| 2022 | 893,012 | – | 893,012 | 2025 |
| 2021 | 305,120 | – | 305,120 | 2024 |
| | ₱4,421,818 | ₱– | ₱4,421,818 | |

A reconciliation of the statutory income tax to the provision for income tax follows:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Statutory income tax | **₱31,609,440** | ₱11,210,633 | ₱10,764,549 |
| Add (deduct): | | | |
| Nondeductible expenses | **35,298** | 2,135 | 17,676 |
| Nontaxable income | – | (385) | (13,513,386) |
| Impact of CREATE | | | |
| Current | – | – | (3,595,075) |
| Deferred | – | – | (1,044,029) |
| Movement in unrecognized DTA | – | – | (3,477) |
| Interest income subject to final tax | **(2,348)** | (1,521) | (241) |
| Provision for (benefit from) income tax | **₱31,642,390** | ₱11,210,862 | (₱7,373,983) |

As of December 31, 2021, the Parent Company did not recognize DTA related on the accretion of interest expense on security deposit amounting to ₱1,540 (nil in 2022 and 2023).

## 20. Earnings Per Share

Earnings per share amounts were computed as follows:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| a. Net income | **₱94,795,368** | ₱33,631,668 | ₱12,486,005 |
| b. Weighted average number of outstanding common shares | **2,344,168,472** | 2,344,168,472 | 2,172,935,596 |
| c. Basic/diluted earnings per share (a/b) | **₱0.0404** | ₱0.0143 | ₱0.0057 |

As of December 31, 2023, 2022, and 2021, the Group has no potentially dilutive common shares.

## 21. Lease Commitments

Operating Leases - Group as Lessor
The Group entered into lease agreements covering its parcels of land under real estate held for sale and development and investment properties to third parties. The leases are renewable under certain terms and conditions. The terms of the leases range from one (1) to ten (10) years. Accrued rent receivable amounted to ₱3.59 million and ₱1.06 million as of December 31, 2023 and 2022, respectively (see Note 5).

As of December 31, 2023, and 2022, the future minimum lease receivables under noncancelable operating leases follow:

| | 2023 | 2022 |
|---|---|---|
| Within one year | **₱108,864,060** | ₱34,873,477 |
| After one year but not more than five years | **371,138,103** | 4,166,117 |
| More than five years | **48,443,643** | – |
| | **₱528,445,806** | ₱39,039,594 |

In addition, the Group has transactions with an affiliate in which the latter allowed the Group to lease out the properties it owns, collect property rentals and assume all expenses and liabilities with regard to the undertaking at no cost to the Group. These transactions are recorded under "Rental income" account in profit or loss. Rental income earned from this transaction amounted to ₱30.00 million, ₱9.57 million and ₱13.17 million in 2023, 2022 and 2021, respectively.

In 2022 and 2021, the Group granted rent concessions to its tenants which were affected by the community quarantine imposed by the government amounting to ₱6.87 million and ₱16.23 million, respectively (nil in 2023) These rent concessions did not qualify as a lease modification, thus, were accounted for as a variable lease payments and reported as reduction of lease income in 2022 and 2021 (see Note 3).

Leases - Group as Lessee

In 2018, the Group entered into an operating lease agreement with Springdale Trading Corp. for the lease of a commercial space used as the Group's showroom and for subleasing purposes. The contract runs for a period of five (5) years and is renewable annually subject to mutual agreement by both parties. Security deposits relating to this contract as of December 31, 2023 and 2022 amounted to ₱0.74 million (see Note 10). The lease was renewed for another five (5) years starting July 1, 2023 to June 30, 2028.

On May 1, 2019, the Group entered into another operating lease agreement with Philippine Union Realty Development Corporation for a period of two (2) years covering a commercial space to be used as the Group's showroom. The lease was renewed for a year starting May 1, 2021 and was subsequently renewed until December 31, 2022. Related security deposits amounted to ₱0.14 million and ₱0.28 million as of December 31, 2022 and 2021, respectively (see Note 10).

The following are the amounts recognized in the consolidated statements of comprehensive income:

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Depreciation of right-of-use assets (Note 11) | **₱4,010,850** | ₱3,720,205 | ₱3,985,184 |
| Interest expense on lease liability | **675,459** | 348,373 | 626,458 |
| Short-term lease (Note 18) | **470,284** | 851,400 | 496,650 |
| Total | **₱5,156,593** | ₱4,919,978 | ₱5,108,292 |

The movements in the lease liabilities as at December 31, 2023 and 2022 are presented below:

| | 2023 | 2022 |
|---|---|---|
| Balance as at January 1 | **₱2,605,541** | ₱6,721,764 |
| Additions | **18,407,301** | – |
| Interest expense | **675,459** | 348,273 |
| Payments | **(5,068,837)** | (4,464,496) |
| As at December 31 | **16,619,464** | 2,605,541 |
| Less current portion | **3,334,859** | 2,605,541 |
| Noncurrent portion | **₱13,284,605** | ₱– |

Shown below is the maturity analysis of the undiscounted lease payments:

| | | 2022 |
|---|---|---|
| Less than one year | **₱4,376,360** | ₱2,667,809 |
| After one year but not more than five years | **15,052,521** | – |
| | **₱19,428,881** | ₱2,667,809 |

## 22. **Financial Instruments**

Fair Value Information
The fair values of cash, receivables (except installment contracts receivables), accounts payable, accrued expenses, advances from related parties, refundable deposits and short-term loans payable approximate their carrying amounts due to relatively short-term nature of these financial instruments.

Installment contracts receivable - The fair values are based on the discounted value of future cash flows using the applicable rates for similar types of instruments. As of December 31, 2023 and 2022, the carrying value approximates the fair value.

Long-term loans payable - variable-rate loans that reprice monthly, the carrying value approximates the fair value because of recent and regular repricing based on current market rates.

Fair Value Hierarchy
The Group categorized installments contracts receivable under Level 3 as of December 31, 2023 and 2022. The fair value of this financial instrument was determined by discounting future cash flows using the effective interest rates. Increase (decrease) in the discount rate would result in a (lower) higher fair value, respectively.

The Group categorized long-term loans classified as other financial liabilities under Level 3 as of December 31, 2023 and 2022. The fair value of this financial instrument was determined by discounting future cash flows using the effective interest rates. Increase (decrease) in the discount rate would result in a lower (higher) fair value, respectively.

There have been no reclassifications between Levels 1, 2, and 3 categories in 2023 and 2022.

Financial Risk Management Objectives and Policies
The Group has various financial instruments such as loans and receivables and other financial liabilities which arise directly from the conduct of its operations. The main risks arising from the Group's financial instruments are credit risk and liquidity risk.

The Group reviews and approves policies for managing risks which are summarized below:

Exposures to credit and liquidity risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follows:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

*Credit risk*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group's credit risk is primarily attributable to its installment contracts receivable and interest receivable. The Group manages its credit risk by conducting credit reviews and analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain payment structures. In addition, the Group's credit risk is minimized since the contract to sell provides the Group the right to rescind the sale, offer the same property to other parties in case of customer's default and the title of the property passes to the buyer only after the full payment of the receivable.

Financial assets comprise cash in bank and receivables. The Group adheres to fixed limits and guidelines in its dealings with counterparty banks and its investments in financial instruments. Given the high credit standing of its accredited counterparty banks, management does not expect any of these financial institutions to fail in meeting their obligations. The Group's exposure to credit risk from cash in bank and receivables arise from the default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The aging analysis of receivables presented per class as of December 31 follows:

**2023**

| | | Past Due but not Impaired | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Current** | **<30 days** | **30-60 days** | **61-90 days** | **91-120 days** | **>120 days** | **Total** | **ECL** | **Total** |
| Installments contracts receivable | **₱2,690,351** | **₱2,787,623** | **₱624,573** | **₱5,381,890** | **₱3,544,230** | **₱13,062,117** | **₱28,090,784** | **₱–** | **₱28,090,784** |
| Interest receivable | **–** | **1,008,517** | **–** | **–** | **–** | **–** | **1,008,517** | **–** | **1,008,517** |
| Advances to Homeowners' Associations | **–** | **–** | **–** | **–** | **–** | **6,400,000** | **6,400,000** | **–** | **6,400,000** |
| Advances to associate | **22,000,000** | **–** | **–** | **–** | **–** | **–** | **22,000,000** | **–** | **22,000,000** |
| Accrued rent receivable | **3,581,040** | **–** | **–** | **–** | **–** | **–** | **3,581,040** | **11,819** | **3,592,859** |
| Others | | **–** | **–** | **–** | **–** | **1,604,218** | **1,604,218** | **–** | **1,604,218** |
| | **₱28,271,391** | **₱3,796,140** | **₱624,573** | **₱5,381,890** | **₱3,544,230** | **₱21,066,335** | **₱62,684,559** | **₱11,819** | **₱62,696,378** |

2022

| | | Past Due but not Impaired | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Current | <30 days | 30-60 days | 61-90 days | 91-120 days | >120 days | Total | ECL | Total |
| Installments contracts receivable | ₱49,005,594 | ₱140,003 | ₱54,481 | ₱27,718 | ₱238,717 | ₱1,729,765 | ₱51,196,278 | ₱– | ₱51,196,278 |
| Interest receivable | – | 979,302 | – | – | – | – | 979,302 | – | 979,302 |
| Advances to Homeowners' Associations | – | – | – | – | – | 4,400,000 | 4,400,000 | – | 4,400,000 |
| Advances to associate | 20,000,000 | – | – | – | – | – | 20,000,000 | – | 20,000,000 |
| Accrued rent receivable | 1,052,632 | – | – | – | – | – | 1,052,632 | 11,819 | 1,064,451 |
| Others | – | – | – | – | – | 1,610,671 | 1,610,671 | – | 1,610,671 |
| | ₱70,058,226 | ₱1,119,305 | ₱54,481 | ₱27,718 | ₱238,717 | ₱7,740,436 | ₱79,238,883 | ₱11,819 | ₱79,250,702 |

The table below shows the credit quality of the Group's financial assets as of December 31:

**2023**

| | **Current** | **Past due but not impaired** | **ECL** | **Total** |
|---|---|---|---|---|
| **Financial assets at amortized cost** | | | | |
| Cash in bank | **₱28,576,659** | **₱–** | **₱–** | **₱28,576,659** |
| Receivables: | | | | |
| Installment contracts receivable | **2,690,351** | **25,400,433** | – | **28,090,784** |
| Interest receivable | – | **1,008,517** | – | **1,008,517** |
| Advances to Homeowners' Associations | – | **6,400,000** | – | **6,400,000** |
| Advances to associate | **22,000,000** | – | – | **22,000,000** |
| Accrued rent receivable | **3,581,040** | – | **11,819** | **3,592,859** |
| Others | – | **1,604,218** | – | **1,604,218** |
| | **₱56,848,050** | **₱34,413,168** | **₱11,819** | **₱91,273,037** |

2022

| | Current | Past due but not impaired | ECL | Total |
|---|---|---|---|---|
| Financial assets at amortized cost | | | | |
| Cash in bank | ₱37,585,296 | ₱– | ₱– | ₱37,585,296 |
| Receivables: | | | | |
| Installment contracts receivable | 49,005,594 | 2,190,684 | – | 51,196,278 |
| Interest receivable | – | 979,302 | – | 979,302 |
| Advances to Homeowners' Associations | – | 4,400,000 | – | 4,400,000 |
| Advances to associate | 20,000,000 | | | 20,000,000 |
| Accrued rent receivable | 1,052,632 | – | 11,819 | 1,064,451 |
| Others | – | 1,610,671 | – | 1,610,671 |
| | ₱107,643,522 | ₱9,180,657 | ₱11,819 | ₱116,835,998 |

The Group considers the probability of default upon initial recognition of financial asset and assesses whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

Credit risk from balances with banks is managed in accordance with the Group's policy. The Group holds cash in banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

The Group's allowance for expected credit losses on accrued rent receivables amounted to both ₱0.01 million as of December 31, 2023 and 2022.

*Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

<u>Credit line</u>
The Group has a total available credit line up to ₱984.00 million and ₱160.00 million with various local banks as of December 31, 2023 and 2022, respectively.

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows. In the event that there is a need in meeting its obligations, its stockholders will provide the necessary financial support in the funding requirements of the Group as they fall due.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to give financing flexibility while continuously enhancing the Group's businesses.

The tables below summarize the maturity profile of the Group's financial assets and liabilities as of December 31 based on the remaining contractual maturities and undiscounted contractual cash flows:

**<u>2023</u>**

| | <30 days | 30-60 days | 61 days-1 year | >1 year | Total |
|---|---|---|---|---|---|
| **Loans and borrowings** | | | | | |
| Accounts and other payables | | | | | |
| Accounts payable | **₱345,364,966** | **₱–** | **₱–** | **₱–** | **₱345,364,966** |
| Advances from related parties | **60,832,560** | – | – | – | **60,832,560** |
| Accrued expenses* | **9,453,122** | **8,188,880** | **70,296,532** | **159,296,504** | **247,235,038** |
| Long-term loans payable | **30,132,258** | **44,711,990** | **562,428,899** | **1,730,565,662** | **2,367,838,809** |
| Refundable deposits | **8,112,835** | **96,897,402** | **87,666,947** | – | **192,677,184** |
| **Total** | **₱453,895,740** | **₱149,798,272** | **₱720,392,378** | **₱1,889,862,166** | **₱3,213,948,557** |
| | | | | | |
| **Financial assets at amortized cost** | | | | | |
| Cash | **₱28,576,659** | **₱–** | **₱–** | **₱–** | **₱28,576,659** |
| Receivables: | | | | | |
| Installment contracts receivable | **5,477,974** | **624,573** | **8,926,120** | **13,062,117** | **28,090,784** |
| Interest receivable | **1,008,517** | – | – | – | **1,008,517** |
| Accrued rent receivable | **3,592,859** | – | – | – | **3,592,859** |
| Advances to Homeowners' Associations | **6,400,000** | – | – | – | **6,400,000** |
| Advances to associate | **22,000,000** | – | – | – | **22,000,000** |
| Others | **1,604,218** | – | – | – | **1,604,218** |
| **Total** | **₱68,660,227** | **₱624,573** | **₱8,926,120** | **₱13,062,117** | **₱91,273,037** |

**Accrued expenses include expected future interest payments on long-term notes payable amounting to ₱246.09 million.*

2022

| | <30 days | 30-60 days | 61 days-<br>1 year | >1 year | Total |
|---|---|---|---|---|---|
| Loans and borrowings | | | | | |
| Accounts and other payables | | | | | |
| Accounts payable | ₱364,949,432 | ₱– | ₱– | ₱– | ₱364,949,432 |
| Advances from related parties | 77,319,504 | – | – | – | 77,319,504 |
| Accrued expenses* | 10,322,354 | 8,994,010 | 80,008,141 | 206,090,328 | 305,414,833 |
| Long-term loans payable | 29,740,741 | 29,740,741 | 344,907,408 | 1,840,338,808 | 2,244,727,698 |
| Total | ₱482,332,031 | ₱38,734,751 | ₱424,915,549 | ₱2,046,429,136 | ₱2,992,411,467 |
| | | | | | |
| Financial assets at amortized cost | | | | | |
| Cash | ₱37,769,443 | ₱– | ₱– | ₱– | ₱37,769,443 |
| Receivables: | | | | | |
| Installment contracts receivable | 3,213,472 | 390,464 | 41,967,843 | 5,624,499 | 51,196,278 |
| Interest receivable | 979,302 | – | – | – | 979,302 |
| Accrued rent receivable | 1,052,632 | – | – | – | 1,052,632 |
| Advances to Homeowners' Associations | 4,400,000 | – | – | – | 4,400,000 |
| Advances to associate | 20,000,000 | – | – | – | 20,000,000 |
| Others | 1,610,671 | – | – | – | 1,610,671 |
| Total | ₱69,025,520 | ₱390,464 | ₱41,967,843 | ₱5,624,499 | ₱117,008,326 |

**Accrued expenses include expected future interest payments on long-term notes payable amounting to ₱304.12 million.*

*Interest rate risk*

Interest rate risk is the risk that changes in the market interest rates will reduce the Group's current or future earnings and/or economic value. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's interest-bearing debt obligations with floating interest rates or rates subject to repricing as it can cause a change in the amount of interest payments.

The Group has interest-bearing loans with floating interest rate subject to repricing amounting to ₱2,283.00 million and ₱2,194.34 million as of December 31, 2023 and 2022, respectively.

The table below demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in interest rates on December 31, 2023 and 2022, with all variables held constant, (through the impact on floating rate borrowings):

| | **Effect on income before income tax Increase (decrease)** | |
|---|---|---|
| Change in basis points | **+ 100 basis points** | **- 100 basis points** |
| **2023** | **(₱23,586,043)** | **₱23,586,043** |
| 2022 | (12,269,184) | 12,269,184 |

The assumed change in rate is based on the currently observable market environment. There is no other impact on the Group's equity other than those already affecting the net income.

## 23. Segment Information

The industry segments where the Group operates are as follows:

Real estate - sale of high-end and upper middle-income residential lots and units.

Rent - income from leasing of the Group's investment properties.

The Group only reports revenue line item for this segmentation. Assets and liabilities and cost and expenses are shared together by these two segments and, as such, cannot be reliably separated.

The significant information on the reportable segments is as follows:

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| **REVENUE** | | | |
| Real estate sales | **₱126,983,373** | ₱98,932,120 | ₱29,622,054 |
| Rental income | **127,132,258** | 48,739,151 | 2,130,425 |
| Interest income from real estate sale | **830,624** | 1,364,227 | 43,286,001 |
| | **254,946,255** | 149,035,498 | 75,038,480 |
| **COSTS AND EXPENSES** | | | |
| Cost of real estate sales | **35,196,125** | 24,723,982 | 2,999,825 |
| Cost of rental | **14,242,620** | 14,664,232 | 14,664,232 |
| General and administrative expenses | **70,342,764** | 70,969,821 | 58,377,172 |
| | **119,781,509** | 110,358,035 | 76,041,229 |
| Income before income tax | **135,164,746** | 38,677,463 | (1,002,749) |
| Provision for (benefit from) income tax | **31,642,390** | 11,210,862 | (7,373,983) |
| Income after income tax | **₱103,522,356** | ₱27,466,601 | ₱6,371,234 |
| **SEGMENT ASSETS** | | | |
| Cash | **₱28,576,659** | ₱37,769,443 | ₱67,020,331 |
| Receivables | **62,684,559** | 79,238,883 | 54,280,498 |
| Real estate held for sale and development | **3,233,979,000** | 3,042,457,742 | 2,954,209,299 |
| Other current assets | **265,189,456** | 253,646,471 | 191,516,479 |
| Advances to contractors | **67,263,652** | 66,204,181 | 65,076,268 |
| Investment properties | **470,516,508** | 475,830,557 | 490,494,789 |
| | **₱4,128,079,239** | ₱3,955,147,277 | ₱3,822,597,664 |
| **SEGMENT LIABILITIES** | | | |
| Accounts and other payables | **₱372,117,295** | ₱403,777,904 | ₱86,990,792 |
| Contract liabilities | **9,516,063** | – | 19,904,504 |
| Loans payable | **2,348,379,844** | 2,225,572,687 | 1,473,589,239 |
| | **₱2,730,013,202** | ₱2,629,350,591 | ₱1,580,484,535 |

Segment assets exclude property and equipment, investment in associate, deferred tax assets and other noncurrent assets.

Segment liabilities exclude refundable deposits, advances to affiliates, lease liabilities, deferred tax liabilities, statutory liabilities and pension liability.

Segment revenue exclude miscellaneous income and share in net earnings of the associate. All revenues are from individuals and domestic entities incorporated in the Philippines.

There are no revenues derived from a single external customer above 10% of total revenue in 2023, 2022 and 2021.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Reconciliation of Assets

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Total operating assets of segments | **₱4,128,209,834** | ₱3,955,147,277 | ₱3,822,597,664 |
| Investment in an associate | **228,348,543** | 228,348,543 | 228,348,543 |
| Property and equipment | **790,070,038** | 637,305,250 | 9,615,089 |
| Deferred tax assets | **2,283,716** | 1,207,987 | 1,217,156 |
| Other noncurrent assets | **13,522,465** | 5,221,825 | 5,363,725 |
| Consolidated total assets | **₱5,162,434,596** | ₱4,827,230,882 | ₱4,067,142,177 |

Reconciliation of Liabilities

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Total operating liabilities of segments | **₱2,730,013,201** | ₱2,629,350,591 | ₱1,580,484,535 |
| Advances to affiliates | **68,532,560** | 101,719,504 | 349,499,300 |
| Refundable deposits | **192,677,184** | 55,709,165 | 57,059,525 |
| Lease liabilities | **16,619,464** | 2,605,541 | 6,721,764 |
| Statutory liabilities | **–** | 2,072,863 | – |
| Deferred tax liabilities | **33,385,212** | 4,070,597 | 962,878 |
| Pension liability | **11,166,744** | 9,617,221 | 8,872,402 |
| Consolidated total liabilities | **₱3,052,394,366** | ₱2,805,145,482 | ₱2,003,600,404 |

Reconciliation of Revenue and Other income

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Total revenue of segments | **₱254,946,255** | ₱149,035,498 | ₱75,038,480 |
| Equity in net earnings of associate | **–** | – | 14,053,543 |
| Miscellaneous income - net | **10,747,617** | 14,184,837 | 1,708,772 |
| Consolidated total revenue and other income | **₱265,693,872** | ₱163,220,335 | ₱90,800,795 |

Reconciliation of Net Income

| | **2023** | 2022 | 2021 |
|---|---|---|---|
| Income after income tax | **₱103,522,356** | ₱27,466,601 | ₱6,371,234 |
| Equity in net earnings of associate | **–** | – | 14,053,543 |
| Miscellaneous income (expense) - net | **10,747,617** | 14,184,837 | 1,708,772 |
| Interest expense | **(19,474,605)** | (8,019,770) | (9,647,544) |
| Consolidated net income | **₱94,795,368** | ₱33,631,668 | ₱12,486,005 |

24. **Notes to Statements of Cash Flow**

Below is the rollforward of liabilities under financing activities:

**2023**

| | **January 1, 2023** | **Cash Flows** | **Non-cash Changes** | **December 31, 2023** |
|---|---|---|---|---|
| Loans payable | **₱2,225,572,687** | **₱123,111,111** | **(₱303,954)** | **₱2,348,379,844** |
| Refundable deposits | **55,709,165** | **136,968,019** | **–** | **192,677,184** |
| Lease liabilities | **2,605,541** | **(5,068,837)** | **19,082,760** | **16,619,464** |
| Interest payable | **–** | **(150,629,189)** | **150,629,189** | **–** |
| Dividends payable | **–** | **(6,329,255)** | **6,329,255** | **–** |
| | **₱2,283,887,393** | **₱98,051,849** | **₱175,737,250** | **₱2,557,676,492** |

2022

| | January 1, 2022 | Cash Flows | Non-cash Changes | December 31, 2022 |
|---|---|---|---|---|
| Loans payable | ₱1,473,589,239 | ₱762,568,632 | (₱10,585,184) | ₱2,225,572,687 |
| Refundable deposits | 57,059,525 | (1,496,004) | 145,644 | 55,709,165 |
| Lease liabilities | 6,721,764 | (4,464,496) | 348,273 | 2,605,541 |
| Interest payable | 3,663,605 | (114,100,682) | 110,437,077 | – |
| Dividends payable | – | (75,023,149) | 75,023,149 | – |
| | ₱1,541,034,133 | ₱567,484,301 | ₱175,368,959 | ₱2,283,887,393 |

2021

| | January 1, 2021 | Cash Flows | Non-cash Changes | December 31, 2021 |
|---|---|---|---|---|
| Loans payable | ₱706,449,815 | ₱771,416,269 | (₱4,276,845) | ₱1,473,589,239 |
| Refundable deposits | 28,172,608 | 28,232,366 | 654,551 | 57,059,525 |
| Lease liabilities | 10,631,008 | (4,535,702) | 626,458 | 6,721,764 |
| Interest payable | 1,609,777 | (34,676,347) | 36,730,175 | 3,663,605 |
| | ₱746,863,208 | ₱760,436,586 | ₱33,734,339 | ₱1,541,034,133 |

Non-cash changes pertain to amortization of transaction of loans payable and accretion of interest expense of refundable deposits and lease liabilities and dividend declaration.

In 2022, noncash investing activity of the Group pertains to the transfer of inventories held for sale and development to property and equipment amounting to ₱627.45 million.

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
Primex Corporation
Ground Floor, Richbelt Terraces
19 Annapolis Street, Greenhills
San Juan, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Primex Corporation and its subsidiaries (the Group) as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, and have issued our report thereon dated April __, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Alden

Maria Antoniette L. Aldea
Partner
CPA Certificate No. 116330
Tax Identification No. 242-586-416
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079893, January 5, 2024, Makati City

April 15, 2024

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT ON**
**COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Board of Directors and Stockholders
Primex Corporation
Ground Floor, Richbelt Terraces
19 Annapolis Street, Greenhills
San Juan, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Primex Corporation and its subsidiaries (the Group) as at December 31, 2023 and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated April 15, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission ("SEC"), and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Maria Antoniette L. Aldea

Maria Antoniette L. Aldea
Partner
CPA Certificate No. 116330
Tax Identification No. 242-586-416
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-147-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10079893, January 5, 2024, Makati City

April 15, 2024

## PRIMEX CORPORATION AND SUBSIDIARIES

## INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

| Schedule | Contents |
|---|---|
| A | Financial assets |
| B | Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) |
| C | Amounts receivable from related parties which are eliminated during the consolidation of financial assets |
| D | Long term debt |
| E | Indebtedness to related parties (long-term loans and related companies) |
| F | Guarantees of securities of other issuers |
| G | Capital Stock |
| Annex 68-D | Reconciliation of retained earnings available for dividend declaration |
| Annex 68-E | Schedule of financial soundness indicators |
| | Map showing the relationships between and among the companies in the group, its ultimate Group and co-subsidiaries |

**SCHEDULE A**

## PRIMEX CORPORATION AND SUBSIDIARIES

## SUPPLEMENTARY SCHEDULE ON FINANCIAL ASSETS

**AS OF DECEMBER 31, 2023**

| NAME OF ISSUING ENTITY AND ASSOCIATION OF EACH ISSUE | NUMBER OF SHARE OR PRINCIPAL AMOUNT | AMOUNT IN THE BALANCE SHEET | VALUE BASED ON MARKET QUOTATION | INCOME RECEIVED & ACCRUED |
|---|---|---|---|---|
| | NOT APPLICABLE | | | |

The Group does not have financial assets that are above 5% of its total assets as of December 31, 2023.

SCHEDULE B

# PRIMEX CORPORATION AND SUBSIDIARIES

## SUPPLEMENTARY SCHEDULE ON AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES AND RELATED PARTIES

### FOR THE YEAR ENDED DECEMBER 31, 2023

| NAME | BEGINNING BALANCE | ADDITIONS | COLLECTIONS | WRITE OFFS | ENDING BALANCE | | TOTAL |
|---|---|---|---|---|---|---|---|
| | | | | | Current | Noncurrent | |
| | | | NOT APPLICABLE | | | | |

**SCHEDULE C**

## PRIMEX CORPORATION AND SUBSIDIARIES

## SUPPLEMENTARY SCHEDULE ON AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION PERIOD

**FOR THE YEAR ENDED DECEMBER 31, 2023**

| NAME (Debtor) | BEGINNING BALANCE | ADDITIONS | COLLECTIONS | WRITE OFFS | ENDING BALANCE | | TOTAL |
|---|---|---|---|---|---|---|---|
| | | | | | Current | Noncurrent | |
| Primex Realty Corp. | ₱75,000,000 | 22,000,000 | 74,700,000 | | ₱22,300,000 | | ₱22,300,000 |
| Primex Housing Dev't Corp. | 2,567,570 | | | | 2,567,570 | | 2,567,570 |

This balance pertains to receivable of Primex Realty Corporation and receivable of Primex Housing Dev't Corp. from Primex Corporation.

**SCHEDULE D**

## PRIMEX CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE ON LONG TERM DEBT
### FOR THE YEAR ENDED DECEMBER 31, 2023

| TITLE OF ISSUE & TYPE OF OBLIGATION | AMOUNT AUTHORIZED BY INDENTURE | CURRENT PORTION OF LONG-TERM DEBT* | LONG-TERM DEBT (NET OF CURRENT PORTION) * | INTEREST RATE | NO. OF PERIODIC INSTALLMENT | MATURITY DATE |
|---|---|---|---|---|---|---|
| Bank loan | ₱120,000,000 | ₱ 69,973,232 | ₱– | 5.50% | 47 | March 4, 2024 |
| Bank loan | 95,000,000 | 55,399,436 | – | 6.25% | 47 | March 4, 2024 |
| Bank loan | 55,000,000 | 3,465,474 | 51,183,850 | 6.00% | 50 | April 28, 2028 |
| Bank loan | 40,000,000 | 3,261,887 | 36,488,023 | 6.00% | 52 | April 28, 2028 |
| Bank loan | 25,000,000 | 1,575,755 | 23,266,752 | 6.00% | 50 | April 28, 2028 |
| Bank loan | 80,000,000 | 5,040,690 | 74,449,236 | 6.00% | 50 | April 28, 2028 |
| Bank loan | 215,000,000 | 35,833,333 | 137,361,111 | 5.50% | 72 | October 23, 2028 |
| Bank loan | 135,000,000 | 22,500,000 | 86,250,000 | 6.25% | 72 | October 23, 2028 |
| Bank loan | 30,000,000 | 5,000,000 | 19,166,667 | 5.75% | 72 | October 23, 2028 |
| Bank loan | 32,000,000 | 5,333,333 | 20,444,445 | 5.75% | 72 | October 23, 2028 |
| Bank loan | 20,000,000 | 3,333,333 | 12,777,778 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 75,000,000 | 12,500,000 | 47,916,667 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 6,659,464 | 1,109,911 | 4,254,657 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 50,126,285 | 8,354,381 | 32,025,127 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 28,279,272 | 4,713,212 | 18,067,313 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 90,000,000 | 15,000,000 | 57,500,000 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 70,000,000 | 11,666,667 | 44,722,222 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 85,000,000 | 14,166,667 | 54,305,555 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 3,645,521 | 607,587 | 2,329,083 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 110,000,000 | 18,333,333 | 70,277,778 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 45,000,000 | 7,500,000 | 28,750,000 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 30,000,000 | 5,000,000 | 19,166,667 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 70,000,000 | 11,666,667 | 44,722,222 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 85,000,000 | 14,166,667 | 54,305,555 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 53,254,080 | 8,875,680 | 34,023,440 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 50,000,000 | 8,333,333 | 31,944,445 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 25,000,000 | 4,166,667 | 15,972,222 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 21,000,000 | 3,500,000 | 13,416,667 | 4.38% | 72 | October 23, 2028 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bank loan | 70,000,000 | 11,666,667 | 44,722,222 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 30,000,000 | 5,000,000 | 19,166,667 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 65,000,000 | 10,833,333 | 41,527,778 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 16,000,000 | 2,666,667 | 10,222,222 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 60,000,000 | 10,000,000 | 38,333,333 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 33,000,000 | 5,500,000 | 21,083,333 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 20,000,000 | 3,333,333 | 12,777,778 | 4.38% | 72 | October 23, 2028 |
| Bank loan | 288,035,378 | 48,005,896 | 184,022,603 | 4.63% | 72 | October 23, 2028 |
| Bank loan | 12,772,124 | 2,128,687 | 8,159,968 | 4.63% | 72 | October 23, 2028 |
| Bank loan | 73,227,875 | 12,204,646 | 46,784,476 | 4.88% | 72 | October 23, 2028 |
| Bank loan | 50,000,000 | – | 50,000,000 | 5.00% | 72 | October 23, 2028 |
| Bank loan | 40,000,000 | – | 40,000,000 | 6.50% | 84 | September 27,2032 |
| Bank loan | 50,000,000 | – | 50,000,000 | 6.75% | 84 | September 27,2032 |
| Bank loan | 15,000,000 | – | 15,000,000 | 6.75% | 84 | September 27,2032 |
| Bank loan | 55,000,000 | – | 55,000,000 | 6.88% | 84 | September 27,2032 |
| Bank loan | 10,000,000 | – | 10,000,000 | 7.00% | 84 | September 27,2032 |
| Bank loan | 80,000,000 | – | 80,000,000 | 7.00% | 84 | September 27,2032 |
| Bank loan | 25,000,000 | – | 25,000,000 | 7.00% | 84 | September 27,2032 |
| Bank loan | 15,000,000 | – | 15,000,000 | 7.00% | 84 | September 27,2032 |
| Bank loan | 60,000,000 | – | 60,000,000 | 5.88% | 48 | November 15, 2030 |
| Bank loan | 25,000,000 | – | 25,000,000 | 5.88% | 48 | November 15, 2030 |

**Net of unamortized transaction costs*

**SCHEDULE E**

## PRIMEX CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE ON INDEBTEDNESS TO RELATED PARTIES
### FOR THE YEAR ENDED DECEMBER 31, 2023

| NAME OF RELATED PARTY (CREDITOR) | BALANCE AT BEGINNING OF PERIOD | BALANCE AT END OF PERIOD |
|---|---:|---:|
| Stockholders | ₱7,000,000 | ₱7,700,000 |
| Associate | ₱357,669,504 | ₱324,282,560 |

Decrease in advances to affiliate pertains to payments made during the year.

## PRIMEX CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE ON GUARANTEES OF SECURITIES OF OTHER ISSUERS
### FOR THE YEAR ENDED DECEMBER 31, 2023

| NAME OF ISSUING ENTITY OF SECURITIES GUARANTEED BY THE GROUP FOR W/C THIS STATEMENT IS FILED | TITLE OF ISSUE OF EACH CLASS OF SECURITIES GUARANTEED | TOTAL AMOUNT GUARANTEED & OUTSTANDING | AMOUNT OWNED BY PERSON FOR W/C STATEMENTS FILED | NATURE OF GUARANTEE |
|---|---|---|---|---|
| | | NOT APPLICABLE | | |

The Group does not have guarantees of securities of other issuers as of December 31, 2023.

**SCHEDULE G**

## PRIMEX CORPORATION AND SUBSIDIARIES

## SUPPLEMENTARY SCHEDULE ON CAPITAL STOCK

### FOR THE YEAR ENDED DECEMBER 31, 2023

| TITLE OF ISSUE | NUMBER OF SHARES AUTHORIZED | NUMBER OF SHARES ISSUED AND OUTSTANDING AND SHOWN UNDER RELATED BALANCE SHEET CAPTION | | | | Number of shares reserved for options, warrants conversion and other rights | Number of shares held by related parties | Directors, officers, and employees | Others |
|---|---|---|---|---|---|---|---|---|---|
| | | ISSUED | SUBSCRIBED | TREASURY SHARES | TOTAL | | | | |
| Common shares | 4,500,000,000 | 2,344,168,472 | – | – | 2,344,168,472 | – | 562,501,807 | 1,265,717,995 | 515,948,670 |

## PRIMEX CORPORATION
## SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
### FOR THE YEAR ENDED DECEMBER 31, 2023

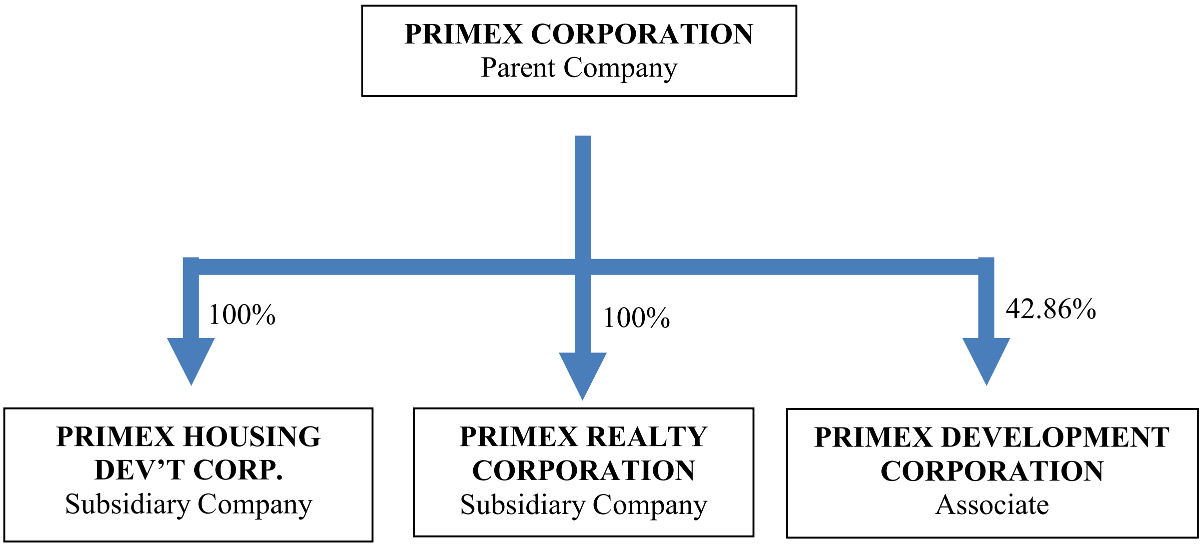
| | | |
|---|---|---|
| **Unappropriated Retained Earnings, beginning of reporting period** | | **₱219,335,580** |
| **Add: Category A: Items that are directly credited to Unappropriated Retained Earnings** | ₱– | |
| Reversal of Retained Earnings Appropriation/s | – | |
| Effect of restatements or prior-period adjustments | – | |
| **Less: Category B: Items that are directly debited to Unappropriated Retained Earnings** | | |
| Dividend declaration during the reporting period | 6,329,255 | |
| Retained Earnings appropriated during the reporting period | – | |
| Effect of restatements or prior-period adjustments | – | **6,329,255** |
| **Unappropriated Retained Earnings, as adjusted** | | **213,006,325** |
| **Add/Less: Net Income for the current year** | | **(1,113,215)** |
| **Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)** | | |
| Equity in net income of associate/joint venture, net of dividends declared | – | |
| Unrealized foreign exchange gain, except those attributable to cash and cash equivalents | – | |
| Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | – | |
| Unrealized fair value gain of Investment Property | – | |
| Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS | – | |
| Sub-total | | – |
| **Add: <u>Category C.2:</u> Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)** | | |
| Realized foreign exchange gain, except those attributable to Cash and cash equivalents | – | |
| Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | – | |
| Realized fair value gain of Investment Property | – | |
| Other realized gains or adjustments to the retained earnings as a result of certain | – | |

| | | |
|---|---|---|
| transactions accounted for under the PFRS | | |
| Sub-total | | – |
| **Add: <u>Category C.3</u>: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)** | | |
| Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents | – | |
| Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL) | – | |
| Reversal of previously recorded fair value gain of Investment Property | – | |
| Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded | – | |
| Sub-total | | – |
| **Adjusted Net Income/Loss** | | **(1,113,215)** |
| **Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)** | | |
| Depreciation on revaluation increment (after tax) | | |
| Sub-total | | |
| **Add/Less: <u>Category E</u>: Adjustments related to relief granted by the SEC and BSP** | | |
| Amortization of the effect of reporting relief | | |
| Total amount of reporting relief granted during the year | – | |
| Sub-total | | – |
| **Add/Less: <u>Category F:</u> Other items that should be excluded from the determination of the amount of available for dividends distribution** | | |
| Net movement of treasury shares (except for reacquisiti redeemable shares) | – | |
| Net movement of deferred tax asset not considered in the reconciling items under the previous categories | (1,077,001) | |
| Net movement in deferred tax asset and deferred tax liabilities related to same transaction | – | |
| Adjustment due to deviation from PFRS/GAAP - gain (loss) | – | |
| Sub-total | | (1,077,001) |
| **Total Retained Earnings, end of the reporting period available for dividend declaration** | | **₱210,816,109** |

**PRIMEX CORPORATION AND SUBSIDIARIES**

**MAP SHOWING THE RELATIONSHIPS BETWEEN AND AMONG THE COMPANIES IN THE GROUP, ITS ULTIMATE GROUP AND CO SUBSIDIARIES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**



**ANNEX 68-E**

## PRIMEX CORPORATION AND SUBSIDIARIES
## FINANCIAL SOUNDNESS INDICATORS
### FOR THE YEAR ENDED DECEMBER 31, 2023

Financial Soundness Indicator

Below are the financial ratios that are relevant to the Group for the years ended December 31, 2023 and 2022:

| Financial ratios | Formula | | 2023 | 2022 |
|---|---|---|---|---|
| Current ratio | Current assets/ Current liabilities | | **2.97:1** | 3.42:1 |
| | Current assets | **₱3,644,631,209** | | |
| | Divide by: Current liabilities | **1,225,193,764** | | |
| | Current ratio | **2.97** | | |
| Acid test ratio | Quick assets/Current liabilities (quick assets include cash and current receivables) | | **0.12:1** | 0.18:1 |
| | Current assets | **₱3,644,631,209** | | |
| | Less: Real estate held for sale | **3,233,979,000** | | |
| | Other current assets | **265,189,456** | | |
| | Quick assets | **145,462,753** | | |
| | Divide by: Current liabilities | **1,225,193,764** | | |
| | Acid test ratio | **0.12** | | |
| Solvency ratio | EBITDA/Total liabilities (Total liabilities includes short-term and long-term liabilities) | | **0.05:1** | 0.03:1 |
| | Net income | **₱94,795,368** | | |
| | Add: Interest expense | **19,474,605** | | |
| | Income taxes | **31,642,390** | | |
| | Depreciation and amortization | **19,930,182** | | |
| | EBITDA | **165,842,545** | | |
| | Divide by: Total liabilities | **3,052,394,366** | | |
| | Solvency ratio | **0.05** | | |
| Debt-to-equity ratio | Total liabilities/Total equity | | **1.45:1** | 1.39:1 |
| | Total liabilities | **₱3,052,394,366** | | |
| | Divide by: Total equity | **2,110,040,230** | | |
| | Debt-to-equity ratio | **1.45** | | |

| Financial ratios | Formula | | **2023** | 2022 |
|---|---|---|---|---|
| Asset-to-equity ratio | Total assets/Total equity | | **2.45:1** | 2.39:1 |
| | Total assets | **₱5,162,434,596** | | |
| | Dived by: Total equity | **2,110,040,230** | | |
| | Asset-to-equity ratio | **2.45** | | |
| Interest rate coverage ratio | EBITDA/Interest expense | | **1.10:1** | 0.64:1 |
| | Net Income | **₱94,795,368** | | |
| | Add: Interest expense | **19,474,605** | | |
| | Income taxes | **31,642,390** | | |
| | Depreciation and amortization | **19,930,182** | | |
| | EBITDA | **165,842,545** | | |
| | Divide by: Interest expense (including capitalized portion) | **150,325,235** | | |
| | Interest rate coverage ratio | **1.10** | | |
| Return on assets | Operating income/Average total assets | | **3%** | 1% |
| | Operating income | **₱ 126,437,758** | | |
| | Divide by: Average total assets | **4,994,832,739** | | |
| | Return on assets | **3%** | | |
| Return on equity | Net income/Average total equity | | **5%** | 2% |
| | Net income | **₱94,795,368** | | |
| | Divide by: Average total equity | **2,066,062,815** | | |
| | Return on equity | **5%** | | |
| Net profit margin | Net income /Total revenue | | **36%** | 21% |
| | Net income | **₱94,795,368** | | |
| | Divide by: Total revenue | **265,693,872** | | |
| | Net profit margin | **36%** | | |

**PRIMEX CORPORATION AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS OF MARCH 31,2024 AND DEC. 31,2023**

| | UNAUDITED | AUDITED |
|---|---|---|
| | **31-Mar-24** | **31-Dec-2023** |
| **ASSETS** | | |
| CURRENT ASSETS | | |
| CASH AND CASH EQUIVALENTS | **49,058,291** | 28,576,659 |
| RECEIVABLES | **204,150,912** | 49,622,442 |
| ADVANCES TO CONTRACTOR | **73,432,358** | 67,263,652 |
| REAL ESTATE HELD FOR SALE & DEVELOPMENT COST | **3,193,789,132** | 3,233,979,000 |
| OTHER CURRENT ASSETS | **218,942,988** | 265,189,456 |
| TOTAL CURRENT ASSETS | **3,739,373,682** | 3,644,631,209 |
| NONCURRENT ASSETS | | |
| RECEIVABLES - NET OF CURRENT PORTION | **13,062,117** | 13,062,117 |
| INVESTMENT PROPERTIES | **464,701,794** | 470,516,508 |
| INVESTMENT IN AN ASSOCIATE | **228,348,543** | 228,348,543 |
| PROPERTY AND EQUIPMENT | **812,684,931** | 790,070,038 |
| DEFERRED TAX ASSETS | **2,283,716** | 2,283,716 |
| OTHER NONCURRENT ASSETS | **26,114,070** | 13,522,465 |
| TOTAL NONCURRENT ASSETS | **1,547,195,170** | 1,517,803,387 |
| **TOTAL ASSETS** | **5,286,568,852** | **5,162,434,596** |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES | | |
| SHORT-TERM LOANS | **453,599,136** | 579,015,803 |
| ACCOUNTS AND OTHER PAYABLES | **569,077,090** | 633,327,039 |
| CONTRACT LIABILITIES | **9,516,063** | 9,516,063 |
| LEASE LIABILITIES - CURRENT PORTION | **3,334,859** | 3,334,859 |
| SUBSCRIPTION PAYABLE | **-** | - |
| INCOME TAX PAYBLE | **-** | - |
| TOTAL CURRENT LIABILITIES | **1,035,527,148** | 1,225,193,764 |
| NONCURRENT LIABILITIES | | |
| LONG-TERM LOANS | **2,001,114,041** | 1,769,364,041 |
| LEASE LIABILITIES - NET OF CURRENT PORTION | **13,284,605** | 13,284,605 |
| PENSION LIABILITY | **11,166,744** | 11,166,744 |
| DEFERRED TAX LIABILITY | **33,385,212** | 33,385,212 |
| REFUNDABLE DEPOSITS | **-** | - |
| TOTAL NONCURRENT LIABILITIES | **2,058,950,602** | 1,827,200,602 |
| TOTAL LIABILITIES | **3,094,477,750** | 3,052,394,366 |
| STOCKHOLDERS' EQUITY | | |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PRIMEX CORP. | | |
| CAPITAL STOCK | **468,833,695** | 468,833,695 |
| ADDITIONAL PAID-IN CAPITAL | **1,086,352,638** | 1,086,352,638 |
| RETAINED EARNINGS | **599,051,337** | 517,000,465 |
| OTHER EQUITY RESERVES | **39,821,375** | 39,821,375 |
| REMEASUREMENT GAIN ON DEFINED BENEFIT OBLIGATION | **(1,967,943)** | (1,967,943) |
| TOTAL STOCKHOLDERS' EQUITY | **2,192,091,103** | 2,110,040,230 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **5,286,568,853** | **5,162,434,596** |

**PRIMEX CORPORATION AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF INCOME**
**FOR THE PERIOD ENDED MARCH 31,2024 AND 2023**

| | **UNAUDITED** | |
|---|---|---|
| | **Jan. 1 - March 31,2024** | **Jan.1 - March 31,2023** |
| INCOME | | |
| REALIZED GROSS PROFIT | 126,530,933 | - |
| TOTAL INCOME | 126,530,933 | - |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | | |
| SALARIES, BONUSES, AND EMPLOYEES BENEFITS | 2,086,814 | 2,010,059 |
| TAXES, LICENSES, AND FEES | 11,862,158 | 4,533,355 |
| GAS AND OIL | 216,871 | 267,517 |
| DEPRECIATION EXPENSE | 4,106,772 | 5,605,685 |
| BROKER'S FEE | - | 844,028 |
| SECURITY SERVICES | 82,214 | 556,100 |
| PROFESSIONAL FEE | 71,000 | 40,000 |
| REPAIRS AND MAINTENANCE | 1,894,267 | 13,065,754 |
| MISCELLANEOUS | 5,293,503 | 5,540,817 |
| PARKING FEE | 0 | |
| INTEREST EXPENSE | 36,205,973 | 1,837,210 |
| RENTAL EXPENSES | 1,555,264 | 1,498,097 |
| TOTAL | 63,374,837 | 35,798,622 |
| NET INCOME (LOSS) FROM OPERATION | 63,156,096 | (35,798,622) |
| OTHER INCOME - NET | | |
| OTHER INCOME | 1,150,631 | 2,423,527 |
| INTEREST INCOME | 2,499,809 | 270,401 |
| RENTAL INCOME | 43,326,262 | 46,052,010 |
| TOTAL | 46,976,703 | 48,745,938 |
| INCOME (LOSS) BEFORE INCOME TAX | 110,132,799 | 12,947,316 |
| PROVISION FOR INCOME TAX | | |
| CURRENT | 28,081,931 | 3,396,293 |
| TOTAL | 28,081,931 | 3,396,293 |
| NET/CONSOLIDATED INCOME (LOSS) AFTER TAX | 82,050,868 | 9,551,023 |
| **ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT** | 82,050,868 | 9,551,023 |
| ATTRIBUTABLE TO NON-CONTROLLING INTEREST | | |
| TOTAL | 82,050,868 | 9,551,023 |
| COMPUTATION OF EPS IS AS FOLLOWS | | |
| NET INCOME (LOSS) | 82,050,868 | 9,551,023 |
| DIVIDED BY WEIGHTED AVERAGE NUMBER OF COMMON SHARES | 2,344,168,472 | 2,344,168,474 |
| EARNINGS PER SHARE | 0.0350 | 0.0041 |

**PRIMEX CORPORATION AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**AS OF MARCH 31,2024 AND 2023**

| | 31-Mar-24 | 31-Mar-23 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| NET INCOME (LOSS) | **82,050,868** | 9,551,023 |
| ADJUSTMENT FOR: | | |
| DEPRECIATION/AMORTIZATION | **4,106,772** | 5,605,685 |
| OPERATING INCOME BEFORE CHANGES IN WORKING CAPITAL | | |
| CHANGES IN OPERATING ASSETS AND LIABILITIES | | |
| DECREASE (INCREASE) IN: | | |
| RECEIVABLES | **(154,528,470)** | 295,235 |
| ADVANCES TO CONTRACTOR | **(6,168,706)** | (5,541,684) |
| REAL ESTATE HELD FOR SALE AND DEVELOPMENT | **40,189,868** | (76,520,554) |
| LAND AND IMPROVEMENT | | |
| OTHER ASSETS | **33,654,863** | (12,330,636) |
| INCREASE (DECREASE) IN: | | |
| ACOUNTS AND OTHER PAYABLES | **(64,249,949)** | (62,037,451) |
| REFUNDABLE DEPOSIT | **-** | 6,176,587 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | **(64,944,755)** | (134,801,795) |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| (ACQUISITION) DISPOSALS OF PROPERTY AND EQUIPMENT | **(26,721,665)** | (8,076,540) |
| DECREASE (INCREASE) IN: | | |
| INVESTMENT PROPERTIES | **5,814,714** | 6,108,193 |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | **(20,906,951)** | (1,968,347) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| INCREASE (DECREASE) IN CAPITAL | **-** | |
| SHORT TERM LOAN | **(125,416,667)** | 99,027,778 |
| LONG TERM LOAN | **231,750,000** | 21,750,000 |
| PROCEEDS FROM ISSUANCE OF CAPITAL STOCK | **-** | - |
| RETAINED EARNINGS | | - |
| REMEASUREMENT GAIN ON DBO | **0** | - |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | **106,333,334** | 120,777,778 |
| | | |
| NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANK | **20,481,632** | (15,992,363) |
| | | |
| CASH ON HAND AND IN BANK AT BEGINNING OF YEAR | **28,576,659** | 37,769,444 |
| | | |
| CASH ON HAND AND IN BANK AT END OF QUARTER | **49,058,291** | 21,777,081 |

**PRIMEX CORPORATION AND SUBSIDIARY**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**AS OF MARCH 31,2024 AND 2023**

| | UNAUDITED | |
|---|---|---|
| | **31-Mar-24** | **31-Mar-23** |
| CAPITAL STOCK P0.20 PAR VALUE | | |
| AUTHORIZED - 4,500,000,000 SHARES | | |
| ISSUED AND OUTSTANDING | **468,833,694** | 468,833,694 |
| SUBSCRIBED AND OUTSTANDING | | |
| TOTAL CAPITAL STOCK | **468,833,694** | 468,833,694 |
| ADDITIONAL PAID-IN CAPITAL | **1,086,352,638** | 1,086,352,638 |
| ACTUARIAL GAIN/(LOSS) ON DEFINED BENEFIT OBLIGATION | **(1,967,943)** | (1,456,660) |
| RETAINED EARNINGS | | |
| Balance at Beginning of Year | **517,000,471** | 428,534,355 |
| Other Equity Reserve | **39,821,375** | 39,821,375 |
| Net Income | **82,050,868** | 9,551,023 |
| Balance at End of Year | **638,872,714** | 477,906,753 |
| NON-CONTROLLING INTEREST | | |
| TOTAL STOCKHOLDERS' EQUITY | **2,192,091,103** | 2,031,636,425 |

**PRIMEX CORPORATION AND SUBSIDIARY**
**CONSOLIDATED AGING OF CONTRACT RECEIVABLES**
**AS OF MARCH 31,2024**

| | < 30 DAYS | 30 - 60 DAYS | > 60 DAYS | TOTAL |
|---|---|---|---|---|
| CONTRACT RECEIVABLES | 161,458,765 | - | 2,277,274 | 163,736,039 |